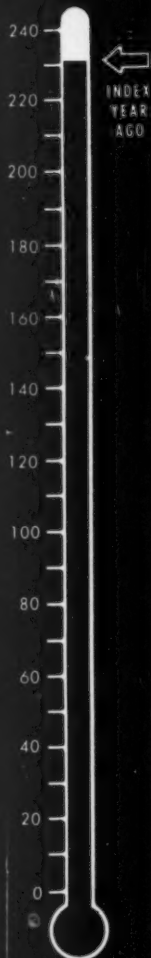


BUSINESS WEEK

HOW TOY PLANES SHAPE A
Supersonic Seaplane

PAGE 154



Dow Chemical's Leland I. Doan: He wants employees to be owners, too (page 76)

A MCGRAW-HILL PUBLICATION

AUG. 23, 1952

TWENTY-FIVE CENTS

THE RYAN AERONAUTICAL CO.



***"Nationals* save us their cost every 9 months!"**

— THE RYAN AERONAUTICAL CO., SAN DIEGO, CALIFORNIA

"The flow of our vital precision units for aeronautical needs is the result of the most modern precision tools. Likewise, the flow of our vital accounting production is uniform, swift, and economical, thanks to our Class 31 National Accounting Machines.

"These remarkable machines cost \$18,000 and saved \$24,000 the first year. This saving pays for the machines every 9 months, which will give us about 133% annual return on our investment. They

handle our accounts receivable, accounts payable, check writing, and cost applications.

"We are most enthusiastic about National's solution to our accounting problems. From the engineering standpoint, too, these machines are marvels of precision performance."

J. Claude Ryan

President
The Ryan Aeronautical Co.

In industries and businesses of all sizes and types, Nationals soon pay for themselves out of what they save, then go on year after year returning a handsome profit. Nationals have an exclusive combination of time-and-money-saving features. On some jobs, $\frac{2}{3}$ of the accounting work is done automatically.

Phone the nearest National office today. A trained systems analyst will show what YOU can save with Nationals adapted to your needs.

THE NATIONAL CASH REGISTER COMPANY, DAYTON 9, OHIO

National

RESEARCH KEEPS

B.F. Goodrich

FIRST IN RUBBER



Photo courtesy Goodrich Sugar, Inc., New Orleans, La.

Raising cane — for 60 million pounds of candy

A typical example of B. F. Goodrich improvement in rubber

THE picture shows the first step in making 60 million pounds of candy—shredding cane, to boil into cane sugar especially for candy making.

During the season the cane has to be chewed up 24 hours a day, 7 days a week, or it can spoil. Old-fashioned belts, originally used to drive the machine, couldn't stand the high speed and sudden jerks as carloads of cane are dropped into the cutting knives. They averaged only two years' use.

Then B. F. Goodrich V belts were tried. They lasted nine years. Now

B. F. Goodrich grommet belts are being used—and the sugar company finds they are so much stronger that the knives can cut 100 tons an hour instead of 60 as they used to do.

A grommet is a reinforcement inside the belt. It's like a giant twisted cable except that it is endless—no splices or overlaps. The grommets make it a flexible belt but one that stands shocks and heavy loads. No other kind of belt has grommets; no other belt stands so much punishment or lasts so long.

The grommet V belt is typical of

B. F. Goodrich product improvement which saves money for all industries by finding ways to do jobs better, at lower and lower costs. That's why it pays to keep in touch with your B. F. Goodrich distributor whenever you need industrial rubber products. The B. F. Goodrich Company, Industrial & General Products Division, Akron, Ohio.

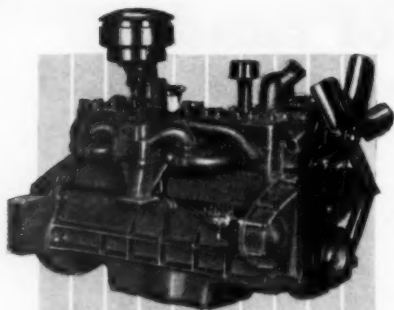
B.F. Goodrich
RUBBER FOR INDUSTRY

**MODERN
TWIST**
*on a
pump handle*



Photo—Courtesy Western Land Roller Co., Hastings, Nebraska

*discharges 1050 gallons
of water a minute
from 100 feet down!*



This 8-inch Deep Well Turbine Pump is furnishing water for irrigation purposes near Hastings, Nebraska. It is powered by a Model 8-A Chrysler Industrial Engine with right angle gear drive.

This is Chrysler high speed and Chrysler high compression doing a specialized job. Other farming, construction, industrial and specialized applications are no exception to this kind of regular performance. Here are a few of the advantages you get in Chrysler Industrial Engines: super-finished wear surfaces, sodium cooled exhaust valves, updraft or downdraft carburetion—and

there are many more tailored to the exact needs of your job.

Chrysler Industrial power is not expensive. Production-line methods adapted to specialized industrial engine building, provide a custom-built engine at mass production prices.

See a Chrysler Industrial Engine Dealer. Tell him your power needs. He can supply you with one of 9 Chrysler Industrial Engines for your purposes.

If your problem is special, write us direct: Marine and Industrial Engine Division, Chrysler Corporation, 12200 E. Jefferson Ave., Detroit 31, Michigan.

CHRYSLER
Industrial Engines

HORSEPOWER



WITH A PEDIGREE

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"INDUSTRIAL LOGISTICS"—



THE

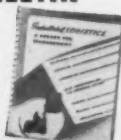
Over-All
View of
MATERIALS
HANDLING

From its greater experience gained during 46 years' service to over 300 industries, Elwell-Parker has developed *Industrial Logistics*. This service includes survey, analysis, and recommendation for handling materials with maximum economies in Procurement, Production and Distribution. End result is usually achieved by using Elwell-Parker trucks to carry the basic containers (Boxes, Barrels, Bags or Bales) in Master Unit Loads on pallets, skids or by special attachments.

One of the 38 men who average over 22 years' experience can develop such an integrated materials handling system for you. Today's high cost of scarce labor stresses need for this remedy.

FREE BULLETIN

on "Industrial Logistics". Write for it and name your product. The Elwell-Parker Electric Co., 4009 St. Clair Ave., Cleveland 3, Ohio.



ELWELL-PARKER

Power Industrial Trucks
Since 1906

Here's how **BENDIX** speeds the progress of

Bendix products safeguard every stage of flight

Whatever your place in aviation, or whatever you plan to do, Bendix merits a place in your plans. The reason lies in the unparalleled range of Bendix experience in this field. This constantly growing organization of 4,000 engineers, 14 research centers and 19 manufacturing plants builds more different products for aviation . . . concentrates a wider range of skills and talents on its problems . . . and has accelerated progress in more directions than any other single company. For example, Bendix is presently engaged not only in forwarding commercial flight, but is also deeply engaged with jets, rockets and guided missiles. In fact, Bendix activities are as fundamental to aviation as the weather.

Meteorology—Bendix builds the telemetering equipment which, carried aloft by rocket or balloon, transmits meteorological data from the upper air. Long-range forecasting utilizing this information, plus accurate minute-to-minute recordings by Bendix Aerovanes, Hygro-thermographs and Micro-barographs in weather bureaus and airports form the basis of flight plans the world over.



DEPENDABLE TAKE-OFFS
with Bendix ignition and fuel systems

Take-off—On the runway Bendix products safeguard every phase of starting. Bendix VHF radio transmits tower instructions with complete clarity through the new Amspeaker—the combination of amplifier, power supply and loudspeaker which replaces cumbersome headphones. A Bendix switch and Bendix generators start current through Bendix ignition harness and electrical connectors to the Bendix high or low tension ignition systems—

world standard for reliability. A Bendix starter whirls into life engines fed by Bendix fuel metering systems with Bendix-filtered fuel. And Bendix instruments give the crew—linked by Bendix interphones—an accurate check on every factor requisite to sure take-offs.



EASIER FLIGHT
with Bendix instruments and controls

Normal Flight—Aloft, a multitude of Bendix automatic devices give the pilot time to plan ahead. The world-renowned Bendix radio compass shows the heading with undeviating accuracy. The Bendix electronic pilot flies the plane better than human hands. Bendix flight, navigation and engine instruments—activated and protected by Bendix power supply units, remote controls and servo-mechanisms—keep pilot, flight engineer and navigator advised of all aspects of plane operation.



SAFER BAD WEATHER FLYING
with Bendix ILS and GCA systems

Bad Weather Flying—Bad weather emphasizes the worth of Bendix advance-

ments. Under instrument conditions, the pilot simply flies the pointer of the Bendix OMNI-MAG, which gives him, on one instrument, a continuous picture of his heading, course, reciprocals, wind drift and glide path. For high altitudes Bendix builds pressurization components and for icing produces de-icing equipment proved under the worst flight conditions. For bad weather landings, Bendix makes surveillance radar and both the ILS and Flight Path Control equipment which permit automatic flight down a special radio beam to the runway, and the GCA radar which enables an observer at a radar scope to follow exactly the plane's position and "talk" the pilot to a landing.



CUSHIONED LANDINGS
with Bendix landing gear

Landing—Coming in, Bendix actuators ease down the Bendix landing gear for a positive, cushioned stop. Bendix struts, wheels and brakes are standard for many varying types of planes.

Jets—Bendix creative engineering has naturally influenced jet design. Ignition systems, starter plugs, starters and generators, speed density fuel metering systems and fuel supply systems indicate Bendix products in this field—developments assuring fast starts despite fouled plugs, and preventing flameouts, and the hot starts and excessive heats which ruin jet engines.

Guided Missiles—Bendix is likewise prominently identified with many guided missile developments which, because of security reasons, cannot be specifically discussed here.

SEE
Brilliant Bendix TV
The Finest Picture Science
has ever Produced.



PRINCIPAL DIVISIONS

LABORATORIES: ECLIPSE MACHINE; Stromberg* carburetors; electric fuel pump; starter drives; coaster brakes. **MARSHALL**: **RED BANK**: dynameters; inverters; special vacuum tubes. **PACIFIC**: telemetering; hydraulic and electrical and small engine magnetos; diesel fuel injection; electrical connectors. **BENDIX ECLIPSE** IN

BENDIX RADIO: auto, railroad, mobile, aviation  radio; radar

AVIATION



FASTER MAINTENANCE
with Bendix ignition analyzer

Maintenance—The vital matter of fast servicing benefits from Bendix in many ways. One example is the ignition analyzer, utilized as airborne equipment or as a portable ground unit. Installed on the plane, this electronic brain spots, during flight, defective spark plugs and ignition troubles anywhere in the system, and also indicates the remaining life in every plug. The many other kinds of Bendix testing equipment in worldwide use are equally notable for advanced design and superior efficiency.

The foregoing can only suggest the hundreds of products and components built by Bendix for the most exacting industry of all in its requirements for precision, reliability, advanced design and quality.

These attributes also carry over into the scores of products which Bendix builds for all major industries. What these products are, and how you can use them to improve your present line, create new merchandise and cut manufacturing costs is revealed in a 40-page booklet "Bendix and Your Business." This is available, without cost, to all

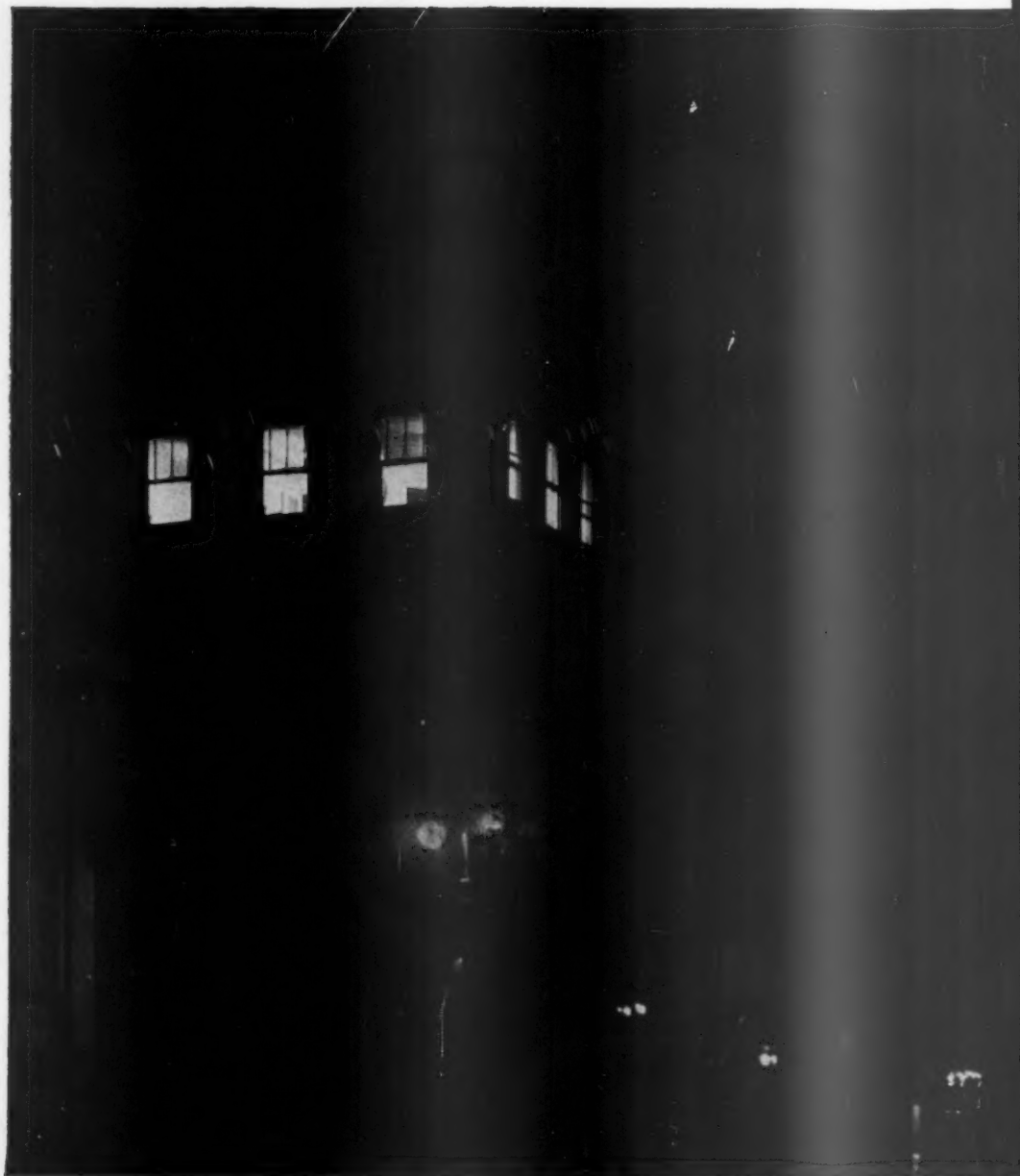
interested executives, engineers and purchasing agents. Write to Bendix Aviation Corporation, Fisher Bldg., Detroit 2, Mich.



THE NAME MILLIONS TRUST

BENDIX PRODUCTS: automotive brakes; power steering; carburetors; aviation brakes; landing gear; fuel metering. **BENDIX AVIATION RESEARCH**
CLIPSE: brake blocks; brake lining. **ECLIPSE PIONEER:** aviation instruments and accessories; foundry. **FRIZ:** weather instruments,
actuators; **depth recorders.** **ZENITH® CARBURETOR:** heavy duty and small engine carburetors. **SKINNER PURIFIERS:** filters. **SCINTILLA MAGNETO:**
ANADA, LTD.—Windsor, Ontario. **BENDIX INTERNATIONAL**—72 Fifth Ave., New York 11, N. Y. Cable "Bendixina" New York. *Reg. U.S. PAT. OFF.

“Where was your Traffic



Manager last night?"

He was at a meeting.

The kind of meeting that many Traffic groups hold

in various parts of the country to discuss Traffic problems.

Chances are he does this often...always on his own time.

Your Traffic Manager, like hundreds of others, attends many important Traffic meetings to discuss shipping problems affecting your business.

Traffic Has Many Functions

You'll find your Traffic Manager at regional and national Traffic conferences . . . and you'll find him contributing his knowledge and experience to help formulate policy on national transportation and many allied functions from damage claims to packaging . . . warehousing to materials handling. And you'll find, time and again, that this extra effort has a favorable effect on your profit picture.

The Hidden Dividend in Traffic

What about the last conference you had . . . the one where you discussed ways to increase sales? Was your Traffic Department represented?

Chances are it wasn't. Yet, Traffic might give you some interesting ideas about rates, costs and shipping methods . . . ideas from which sales might get an angle on opening up new territories in which competition can be met and sales made profitably.

How about lower inventories for Purchasing? Faster, lower cost production in the plant? Traffic has a vital bearing on all these problems. Why not consult your Traffic expert. You may find a hidden dividend you didn't know you had.

The Little Known Group of Men

We put this story with this series of C & O ads because it's just one more indication of how the Traffic Manager works to improve the overall competitive position of his company . . . how he tries to do more than you ask him to do.

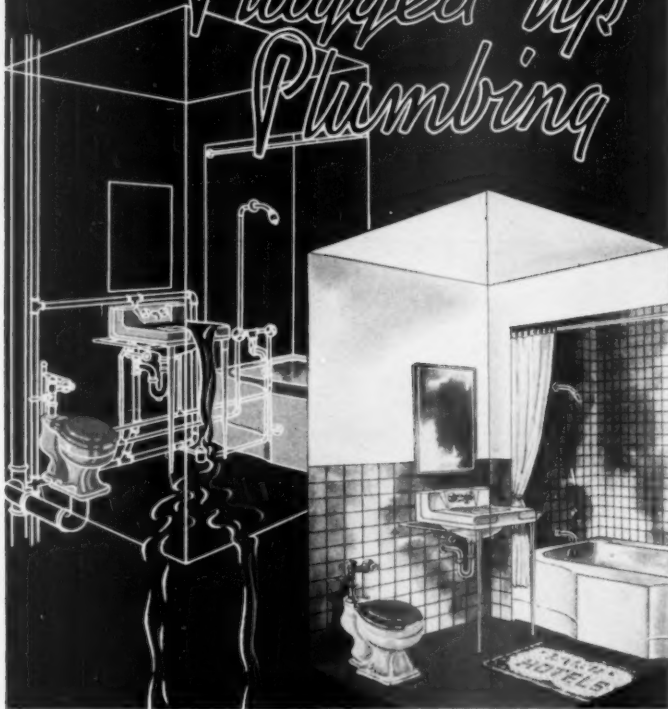


Chesapeake and Ohio Railway

The Chesapeake and Ohio Railway, as one of the great carriers of merchandise freight in the country, is vitally interested in any plan that will move more goods, more efficiently. That's why we sponsor this series of advertisements about the Traffic Manager and his job. The Traffic Man is management's answer to better and more economical movement of material.

THE CASE OF THE

Plugged Up Plumbing



Plugged up drains in the large hotel annoyed guests . . . resulted in unusually expensive plumbing maintenance. Finally, several cleaners were tested. Dearborn No. 7 Cleaner produced immediate and superior results. Since then, Dearborn No. 7 Cleaner is used regularly in their maintenance program, plumbing expense has been reduced to a minimum. No. 7 Cleaner is being used successfully by hotels, office buildings, industrial plants, railroads and marine fleets.



**Know Your
Dearborn
Engineer**

If you operate an industrial or processing plant—a utility or pipe line—a railroad or steamship line—it is likely that Dearborn Cleaner, Water Treatment and Rust Preventives will help you save money and materials. A Dearborn Engineer stands ready to consult with you on any problem involving rust prevention and water treatment.

DEARBORN CHEMICAL COMPANY

Merchandise Mart Plaza Chicago 54, Illinois

Offices in Principal Cities
In Canada, Dearborn Chemical Company, Ltd., 2454 Dundas St. W., Toronto 9

Dearborn

TRADE MARK REGISTERED

THE LEADER IN
WATER TREATMENT AND
RUST PREVENTIVES

READERS REPORT

Hear! Hear! Lear!

Dear Sir:

I have just read your very interesting article (Board Chairman Sells Air Safety) on Lear, Inc., Mr. Lear, and his automatic landing device, in your July 26th issue [BW—Jul. 26 '52, p. 138-142].

Thought you might be interested in hearing that the unidentified pilot on page 140 is Thomas L. Grace, president of Slick Airways. Mr. Grace, in addition to wrestling with the workings of the largest airfreight carrier in the country, is a veteran pilot. . . .

Sincerely yours,

ROBERT G. STRONG

PUBLIC RELATIONS
SLICK AIRWAYS, INC.
BURBANK, CALIF.

Dear Sir:

I have just finished reading your wonderful article about myself in BUSINESS WEEK. The only thing I can say is "Who, me?" . . .

Sincerely,

WM. P. LEAR

CHAIRMAN OF THE BOARD
LEAR, INCORPORATED
GRAND RAPIDS, MICH.

Story Byproducts

Dear Sir:

. . . Regarding the very fine story you ran on our company in the July 26th issue of BUSINESS WEEK [BW—Jul. 12 '52, p. 104], I do wish to report one factual error. You state, "Sales last year ran at a \$500,000 a month clip." The facts are that since the first of this year sales have been at a rate of \$500,000 per month. . . .

We have, as a result of the story, received a most interesting collection of letters—from personal friends, potential customers, potential suppliers, people offering us free plants as inducement to move to their area, and a request from the University of Wisconsin that I guest lecture next winter to their Graduate School of Business. . . .

Very truly yours,

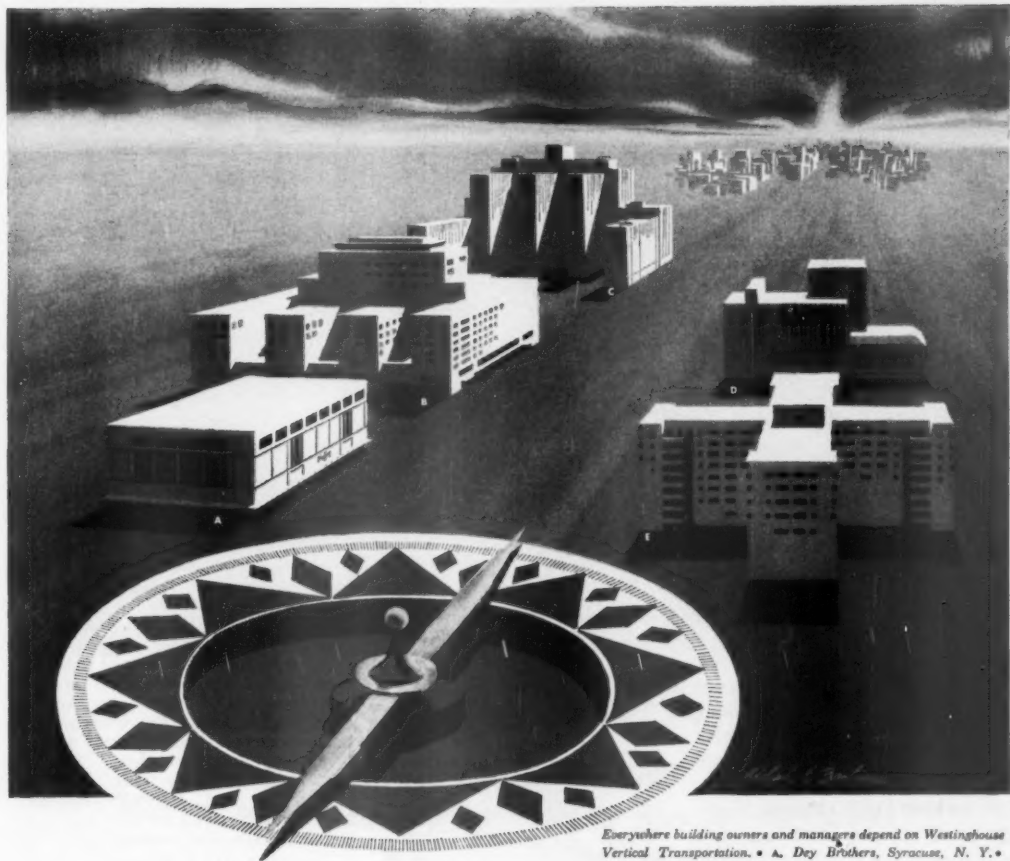
R. T. LUELOFF

PRESIDENT
POWER PRODUCTS CORP.
GRAFTON, WIS.

Eyes on EPON

Dear Sir:

In the July 26, 1952, issue of BUSINESS WEEK you ran on page 62 an article "Enamel That Bakes Itself." The article on page 64 contains the following: "Glidden has been buying



Everywhere building owners and managers depend on Westinghouse Vertical Transportation. • A. Dey Brothers, Syracuse, N. Y. • B. Statler Hotel, Washington, D. C. • C. Presbyterian Medical Center, N. Y. C. • D. WGN Bldg., Chicago Tribune, Chicago. • E. Hunting Towers Apts., Alexandria, Va.

FOLLOW THIS COURSE...

when planning for Vertical Transportation

Today, more than ever before, planning for the future must be the keynote of management thinking.

And if you face any problems involving vertical transportation, follow this course in making your plans: Get the facts about the products of several elevator manufacturers. When you have the facts, you're able to make comparisons. And once you make comparisons, you can be sure your planning can proceed with the vertical transportation that best serves your building.

Through the years, Westinghouse engineering ac-

complishments have stimulated the vertical transportation industry to work for ever-higher quality standards. In every phase of vertical transportation—equipment, maintenance, and service—Westinghouse has set the pace. So, whenever you're planning projects that call for vertical transportation—see Westinghouse before you decide!

For information on how Westinghouse can help you plan, write Westinghouse Electric Corporation, Elevator Division, Dept. A-1, Jersey City, N. J.

YOU CAN BE **SURE**...IF IT'S

Westinghouse

J-98619

PASSENGER ELEVATORS • ELECTRIC STAIRWAYS • FREIGHT ELEVATORS • MAINTENANCE & SERVICE

Tall Tale

They tell of the time it rained cats and dogs for a full fortnight before the Fourth of July. Made Paul Bunyan boil because he'd just invented fireworks, and you couldn't even fire a flintlock in a deluge like that. So he walks to where the rain comes down in a solid stream. Swam up that stream like a salmon 'til he got to the top, and plugged up the holes in the clouds. The fireworks Paul set off that night made the Northern Lights look like a firefly's ghost.

to Fabulous Fact

We can't plug the clouds, but we have invented a whole group of silicone products to take the wetness out of rain: invisible umbrellas to keep your clothing dry; invisible rubbers to keep your feet dry; invisible raincoats to keep brick, concrete block, and other masonry buildings dry.

Take the product we supply to the manufacturers of silicone-based, water repellent treatments for above-grade masonry walls. It keeps rain from soaking in and seeping through the walls; keeps walls clean and free from that ugly white deposit called efflorescence. Yet these silicone water repellents are completely invisible. They do not fill the pores or prevent "breathing." They're easy and economical to apply; remain effective for years.

This and many other fabulous facts are described in our new publication, "What's A Silicone?" We'll be glad to send you a copy. Simply address your request to Dow Corning Corporation, Department E-20, Midland, Mich.

ATLANTA • CHICAGO • CLEVELAND • DALLAS • NEW YORK • LOS ANGELES • WASHINGTON, D.C.
In Canada: Fiberglas Canada Ltd., Toronto • In England: Midland Silicones Ltd., London

DOW CORNING SILICONE NEWS
NEW FRONTIER EDITION
NINTH OF A SERIES



the epan resins from the paint maker who processed Shell raw materials." EPON is a United States registered trade mark of this company and is applied to resins. We regret your use of "epan resins" in this manner and ask that the word in the future receive the treatment due trade marks. . . .

Very truly yours,

W. W. YEAGER

ATTORNEY
SHELL CHEMICAL CORP.
NEW YORK, N. Y.

• BUSINESS WEEK has made double note of this double error.

Off-Street Parking

Dear Sir:

The article entitled "Small Cities Are Turning Traffic Jams Into Profits" in your publication of Mar. 22, 1952 (page 98), has once again been called to our attention.

We wish to commend you on this very fine article and agree that off-street parking is the only real solution to a very critical traffic situation faced by every municipality today.

Actually too little has been said about the solution and we were agreeably surprised to find the number of cities contacting us after publication of your article. We have had many requests for information of this kind and our representatives have requested reprints of your very clear analysis. . . .

Sincerely yours,

LOUIS W. HEAVNER

VICE-PRESIDENT
MAGEE-HALE PARK-O-METER CO.
OKLAHOMA CITY 2, OKLA.

Idaho IS First

Dear Sir:

May we direct your attention to an article which appeared in BUSINESS WEEK of May 31, 1952 (page 46) entitled "Rare Earths Are Moving Into Industry." As mining people—who are interested in producing monazite sand—we are curious to learn where the author procured his information. . . . May we advise that we never heard of monazite sand coming from Texas or Colorado and but very little from North Carolina—and we might also state that at present over 95% of all the monazite sand produced in the U.S.A. comes from Idaho.

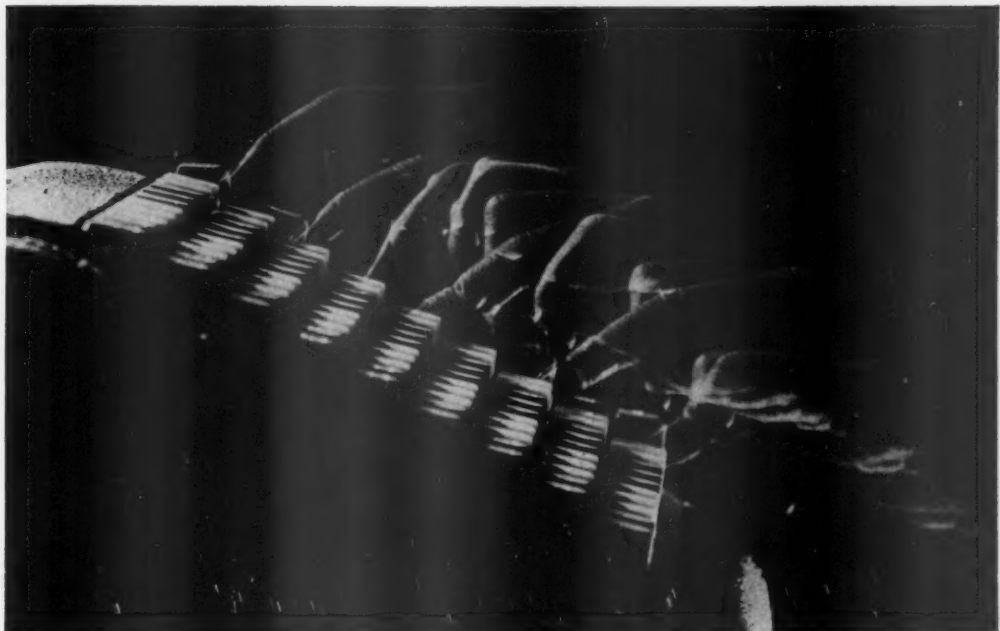
CARL HERNI

VICE-PRESIDENT
K&D MINING CO.
MCCALL, IDAHO

• Omission of Idaho as the major U. S. producer was purely accidental. It was in the original copy but it fell out during the editing process.

The list run in BUSINESS WEEK was

BUSINESS WEEK • Aug. 23, 1952



Close-up of a Revolution!

EXIT: Old Fashioned "Punch and Plod" Operation
ENTER: Rhythm-add, the New, Faster Way to Add Figures

Take a long look at the photograph above. It's unique! Rhythm-add* in action! Rhythm-add, the revolutionary new technique developed by Monroe that enables *all* operators... beginner, average, or expert... to add faster, more accurately than ever before!

Business Hails New Method

250 leading organizations tested Rhythm-add under actual working conditions. Results were amazing. After only brief instruction, operators upped their adding speeds by as much as 160%! Many totaled over 100 items a minute! New highs in speed were

scored with minimum effort, fatigue, and errors! For Rhythm-add is basic... gives the adding machine operator the same smooth efficiency the touch system gives the typist. And Monroe will teach it *without cost or obligation!*

Rhythm-add is Ready to Work for You

This scientific new method can increase figure production, lower your overhead. Mail the coupon for our new, illustrated booklet "All Hands Take to Rhythm-add." It's "must" reading for every cost-conscious executive. *Registered Trade Mark



MONROE
 CALCULATING, ADDING & ACCOUNTING MACHINES

MONROE CALCULATING MACHINE COMPANY
 General Offices, Orange, N. J.

Monroe Calculating Machine Company
 Publications Dept., Orange, N. J.
 Please mail free booklet on Monroe Rhythm-add.

Name
 Company
 Street
 City State

How much of *everything* do you use? Food, clothing, household furnishings—if you've got it—a truck brought it!

Trucks carry an astonishing amount of factory, farm, store and home items *all the way*. Even when rail, water or air transport is involved—somewhere along the line, trucks take over.

If you've got it —

A truck brought it!

Figures make dull reading. So there's no need for you to remember that trucks carry 75% of all the nation's tonnage or 100% of the milk for most of our large cities. Or that 70% of the livestock comes to market by truck.

The big fact to keep in mind is that America's trucking industry is essential to our way of life. Recall that big fact when selfish interests try to push through punishing taxes on trucks or cripple the industry in other ways. When something hurts the trucking industry you feel the pain!

AMERICAN TRUCKING INDUSTRY

American Trucking Associations, Washington 6, D. C.



meant to be composite but not infallible. However, Frank H. Spedding, in an article called *The Rare Earths*, *Scientific America*, Nov. 1951, gives one list that includes Texas. W. E. Knapp and W. T. Bolckom credit Colorado with deposits in two articles in *Iron Age*, April 24 and May 1, 1952.

Get-out-the-Tag

Dear Sir:

Mr. T. E. Roche's suggestion in the Readers Report column of *BUSINESS WEEK* (Aug. 2, 1952, pp. 8 & 10) concerning tagging voters on Election Day is not original, but it is certainly excellent. So good do we think it is, in fact, that for the past four months the Pittsburgh Junior Chamber of Commerce has been preparing for the monumental task of tagging some 700,000 voters in Allegheny County come Election Day, 1952. Jaycee chapters across the State of Pennsylvania will be following suit in small towns and large cities, and this year citizens of this state will know who are citizens by the tags they wear. . . . Anybody else want to get started? We'll be happy to tell them how.

STANLEY C. MARSHALL
PENNSYLVANIA STATE CHAIRMAN
JAYCEE GET-OUT-THE-VOTE
PITTSBURGH 22, PA.

Power Aplenty

Dear Sir:

In your article on aluminum in Canada [BW—Jul. 26 '52, p. 82] you state: "The U. S. is running out of low cost power for aluminum. There aren't too many undeveloped hydro sites left (where they do exist, the federal government tries to preempt them), and the three American producers are turning to natural gas, even steam plants. That means higher-cost aluminum."

On the other hand, the President's Materials Policy Commission states in Volume II, page 68, with respect to aluminum in the United States: "It appears likely that ample quantities of electric power can be made available to meet any possible future expansion of the aluminum industry without significantly increasing the total real cost of production. In the Columbia River system alone there are approximately 36 million kilowatts of undeveloped capacity. . . ."

. . . Canadian aluminum should have its place in the American markets, but let's not underrate our own possibilities.

Sincerely yours,

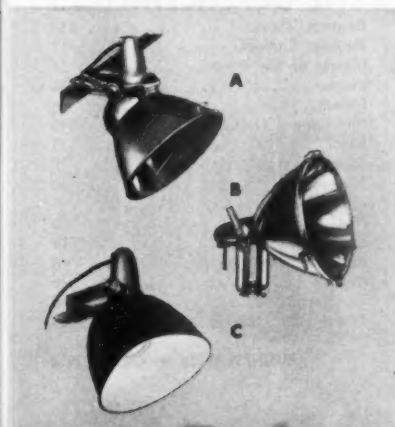
SAMUEL MOMENT
UNITED STATES DEPARTMENT
OF THE INTERIOR
BONNEVILLE POWER ADMINISTRATION
PORTLAND 8, ORE.



"DEAD STORAGE" AREA AT NIGHT TRANSFORMED INTO ACTIVE MARSHALLING YARD BY G-E OUTDOOR INDUSTRIAL LIGHTING

Small investment in G-E lighting doubles value of outdoor work areas

A LIGHT FOR EVERY NEED is available from G.E.'s full line, for example: **A** High efficiency, lightweight, easy-to-install area floodlight for crossarm mounting, with three beam spreads; **B** Heavy-duty, wide variety of mountings and beam spreads; **C** Inexpensive, open floodlight for closer-range illumination.



You can use your plant's outdoor areas just as efficiently at night as you do during the day by adding outdoor lighting. And the cost of this productive lighting is insignificant compared to your present investment in outdoor work areas.

SPEED UP MATERIALS HANDLING

Tighter production schedules, congested plant facilities, and many other factors make it necessary for you to handle raw materials, parts, and products at night. With 'round-the-clock "daytime" provided by G-E outdoor lighting, fast, efficient materials handling is made possible, with a minimum of mistakes or damage. In the plant pictured you can see how an area, almost useless in the dark, became a productive asset.

PROTECT PERSONNEL, PLANT PROPERTY

The right outdoor lighting can pay big dividends in preventing accidents, pilfering and sabotage. But it is important to get lighting that serves your needs best—money spent on inadequate lighting is often wasted. To get more information on General Electric's full line of outdoor lighting for industrial plants, write for bulletin GE-3640, to Section 451-172, General Electric Company, Schenectady 5, N. Y.

OUTDOOR INDUSTRIAL LIGHTING

GENERAL  **ELECTRIC**

Rockwell Report

by W. F. ROCKWELL, JR.
President
Rockwell Manufacturing Company



SOMETIMES, IT SEEMS TO US, the function of the Purchasing Department is the most misunderstood in any industrial company. Salesmen, and perhaps the public generally, often feel that a Purchasing Department is there to drive down prices in a Buyer's market, and to find material at any cost in a Seller's market.

Our Purchasing Department has very broad responsibilities, two of which are of course to find the materials and supplies we need, and to buy them on the most favorable basis obtainable.

But in either a Buyer's or Seller's market, our Purchasing Department is directed to examine quality first, and price second. Further, if material is hard to get and substitutes become the order of the day, purchasing must take the responsibility for establishing the fact that the quality of the substitute is at least equal to the originally specified material.

The quality as well as the selling price of the finished product starts with sound purchasing. Therefore, we combine headquarter's staff and local division purchasing to check and cross-check compliance to specification as well as price.

* * *

SHORT FACTS ABOUT ROCKWELL: All Rockwell salesmen and other traveling personnel have been notified to set up their itineraries so that they will be home to vote on election day . . . Morace Chrisman, meter development engineer in our Pittsburgh Division, recently celebrated his 88th birthday and 64 years service with the Company. Responsible for more than 40 patented designs, he is on the job every day, full of new product ideas . . . More than 19,000 Rockwell-built Ohmer taximeters of the new space-saving glove compartment type are now in service in taxicabs around the world, in addition to the uncounted thousands of older Ohmers . . . Among the helpful publications of our Delta Power Tool Division is one called the "Power Tool Instructor" edited for shop teachers. Shop instructors at every educational level can get a free subscription by writing on their school or Board of Education letterhead.

* * *

Our Delta Power Tool Division has been guilty of perpetrating an industrial revolution. By introducing light-weight, low-cost tools capable of the high accuracies needed in mass-production manufacture, Delta has changed plant layout, tooling, materials handling and other production concepts. World War II helped, for when plants were waiting for large, slowly-built machine tools, they turned in the meantime to more quickly produced Delta tools and found that these had the stamina and precision for industrial service. Now many plants have found savings in doing things like these with Delta tools:

(1) *Move the tool to the work instead of the work to the tool when the tool is bulky.*

(2) *Saving tooling-up time by leaving Delta tools tooled to do specific jobs, even though runs are short, for Delta's low cost permits partial idleness of the machine during a work week without killing overhead charges.*

* * *

Wherever there is a water shortage industry suffers first. In areas of critical water supply the order of priority is: domestic use, first; agricultural use (if any), second; industrial use, last. That perhaps is as it should be, but most water shortages could have been avoided with a little foresight. More water falls from the heavens each year than we can possibly use. There is plenty of water, unless it is wasted.

Water waste can be avoided in several ways, but the most quickly effective and thoroughly proven deterrent is to meter every water use. Our Water Meter Division reports an increasing number of industrial plants are installing meters ahead of every water-using department. Just as metering domestic services makes the householder water conscious, so "in plant" metering can add up to tremendous savings when department heads are held accountable for all the water they use—and waste—in processing.

One of a series of informal reports on the operations and growth of the
ROCKWELL MANUFACTURING COMPANY
PITTSBURGH 8, PA.

for its customers, suppliers, employees, stockholders and other friends



In BUSINESS this WEEK...

• How Big a Vote . . .

. . . can labor leaders deliver? With the CIO endorsing Gov. Stevenson—and the AFL likely to—organized labor's campaign can make all the difference in this election. P. 30

• Why Cast Concrete . . .

. . . floors and roofs for buildings way up in the air if you can do it on the ground? The Air Force has worked out a spectacular technique for doing it on the ground—and for saving time and money. P. 32

• When You Sell . . .

. . . furniture under brand names you may be starting a revolution in the industry. In any case, the idea is catching on fast. P. 38

• How to Make a Buck . . .

. . . is a specialized science with taxi drivers. In the old days it was a specialty that attracted gangsters in New York. But now the industry is thriving and respectable. P. 66

• How Can Research . . .

. . . help develop one of the poorest chunks of the United States? The Federal Reserve Bank of St. Louis has probably done more than any other bank to probe economics of its region. Here's how it is done. P. 146

• What's the Limit . . .

. . . on scaplanes? Convair, which has put in twelve years developing new tools to research them, and new designs, says that scaplanes should match land-based models even at supersonic speeds. P. 154

THE DEPARTMENTS

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Christmas used to take banks for a sleigh ride

Christmas comes but once a year to most people but with a bank offering its depositors a Christmas savings plan it's a year-round business.

Valuable to a bank as a source of new business, a savings plan often was more trouble than it was worth. Clerical and accounting costs mounted, customers had to wait in long queues for special tellers, tempers were strained on both sides of the teller's wicket.

Then McBee entered the picture — with pre-punched Keysort coupons to be used as deposit slips.

Today, banks using Keysort need *no* special tellers, *no* stamp inventory accounting and pasting, *no* passbook posting. There are *no* waiting line delays for customers, *no* frayed nerves for tellers. Accounting requires merely sorting, counting and filing the Keysort slips.

In using Keysort, banks are taking a cue from the record-

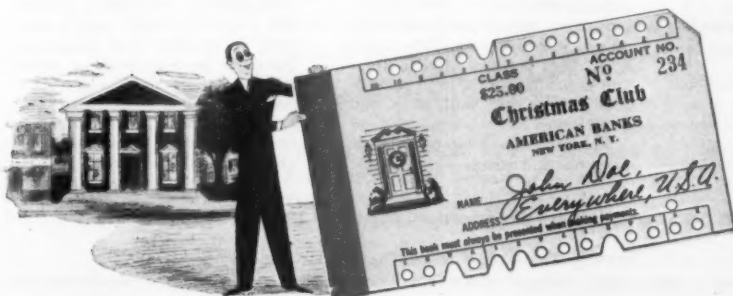
keeping procedures of modern industry.

For industrial executives everywhere have discovered that Keysort cards and machines, applied to such knotty problems as production scheduling, payroll and labor costing, provide accurate and timely management reports at less cost than with any other system. More than 2,000 plants depend upon Keysort for their payrolls and labor cost reports!

Keysort is a punched-card method that requires no special personnel, no costly installation. And because the Keysort card is retained as the original record, costly copying and recopying time is saved — errors in transcription are avoided.

Just as banks have discovered, there's probably an important records job in your business that Keysort can do better, quicker and at lower cost.

The McBee man near you is trained to tell you frankly whether Keysort can do the job. Ask him to drop in. Or write us.



THE McBEE COMPANY

Sole Manufacturer of Keysort—
The Marginally Punched Card
295 Madison Ave., New York 17.



Offices in principal cities.
The McBee Company, Limited,
11 Bermondsey Road, Toronto 13

AMERICAN-Standard



TWO NEW LAVATORY-DRESSING TABLES

*Another example of
AMERICAN-Standard
Leadership*

● Of all the interesting innovations in today's homes, apartments and hotels, none has caught the public's fancy more than the modern lavatory-dressing table.

And now, with the introduction of the Merrilyn and Highlyn, there is even wider choice of American-Standard lavatory-dressing table units. Combining lavatory, dressing

table and storage cabinet, they bring new beauty and convenience to bathrooms, powder rooms and bedrooms.

Each of these ready-built units features a large lavatory with deep bowl, generous soap dishes and front overflow. The roomy wood cabinets with enameled steel counter tops and splash backs measure only 42 inches long and 20 $\frac{1}{2}$ inches deep. They come in straight front and kneehole models, offer convenient storage for both large and small items.

The Merrilyn lavatory is made of genuine vitreous china, while

the Highlyn lavatory is enameled cast iron. Lavatories are available in white and a variety of popular American-Standard colors. Cabinets may be had in white, blue, gray and peach.

If you are a home owner, architect or builder—or if you operate commercial or residential properties, you will certainly want to consider the installation of American-Standard lavatory-dressing tables in connection with your plans for modernization or new construction. For information on the complete line, just write to American-Standard at the address below.

American Radiator & Standard Sanitary Corporation, Dept. BU-82, Pittsburgh 30, Pa.

Serving home and industry

AMERICAN-STANDARD • AMERICAN BLOWER • CHURCH SEATS • DETROIT LUBRICATOR • KEWANEE BOILERS • BOSS HEATER • TOWANANDA IRON

BUSINESS OUTLOOK

BUSINESS WEEK

AUGUST 23, 1952

A

BUSINESS

WEEK

SERVICE

Home building and home furnishing, in the years ahead, won't be the booming business factor that some people think.

Builders have had a foretaste of this. Houses have been harder to sell (BW-Aug. 16 '52, p29). But controls will come off mortgage money on Oct. 1, and that should boost sales to those who want to buy.

Longer range, though, the problem is: How many buyers are there?

Many optimistic forecasts on home building are based on population growth. That's important, but it isn't the governing factor.

In housing, the payoff is the less obvious matter of family formation.

This is a net figure—new marriages minus households dissolved by divorces and deaths.

Marriages today involve mainly people born in the 1930s. Those were the years of record-low birth rates.

Thus family formation is bound to decline for a few years—even though the birth rate may remain very high.

Population growth creates little need for new houses.

High birth rates since 1940 don't sell homes. The oldest among these new people won't be home buyers for some years.

Low death rates don't sell homes, either. Most oldsters own their homes by now if, indeed, they ever are going to.

Our postwar housing boom so far has been based on three factors:

(1) The high rate of family formation. Marriages went up by 30% from the thirties to the forties.

(2) The "undoubling" after the depression. People who didn't want to live under one roof moved as soon as (a) their finances, and (b) the availability of dwelling units made this possible.

(3) The high birth rate. Births rose by 40% from the thirties to the forties. That forced much "undoubling."

All these by now have lost some force in the housing market.

Two basic factors which will continue to create demand for new homes are (1) larger family incomes with which to pay for better housing, and (2) larger families which require bigger houses.

These are backed up by abandonment of substandard units and by a certain number of houses that either burn down or fall down each year.

More and more people are taking a sober look at housing prospects.

Chicago's Northern Trust Co. recently noted that "we have made some headway in reducing the housing shortage" although it also called attention to vacancies too few to "permit free movement."

Ben H. Hazen, president of the U. S. Savings & Loan League has warned that 1952 may be the last 1-million-unit year for a while.

And Theodore H. Silbert of Standard Factors Corp. this week forecast a declining market for home furnishings and appliances due to fewer marriages and reduction in home building for several years.

Less demand for homes in the future should not be allowed to cloud the present high rate of activity.

BUSINESS OUTLOOK (Continued)

BUSINESS WEEK

AUGUST 23, 1952

The Dept. of Labor estimates last month's "starts" at 104,000—virtually unchanged from the rate of the preceding four months. That brings the seven-month total to 670,000, only 11,000 behind a year ago.

And employment in all types of construction rose in July to about 2,730,000. That was the best level of the year (some 70,000 above June) and compares with the record figure of 2,799,000 last August.

Housing's seasonally adjusted annual rate now becomes the new figure that you have to watch.

Mortgage money is tied to this adjusted figure in the tricky decontrol formula written by Congress late in the session (page 160).

If you were to take any month from March through July and simply multiply by 12, you'd come out with an annual rate topping 1.2-million starts. But average out the summer peak with the winter slump and we have been running under 1.1-million all summer.

Congress says that, after three months below the 1.2-million adjusted rate, down payments need be no more than 5% of the mortgage.

When the August figure comes out next month, decontrol can be declared for Oct. 1.

Figures now are available to measure some of the steel strike's most severe effects.

Steel output losses came to about 17½-million tons. That's lower than most of the estimates you have been hearing.

Employment in the steel industry and those most directly affected fell only 900,000 up to the middle of July. Moreover, fully half of those found employment elsewhere at least temporarily.

Fully 350,000 drew some unemployment compensation to help make up for lost pay (judging from the number added to the rolls by July 19).

Initial claims for unemployment compensation started falling off sharply even before the steel strike ended. The weekly high was 374,000 new claims early in July; it was down to 266,000 at month-end.

Improvement in retail and wholesale trade conditions showed up employmentwise even while the steel strike was at its worst. These lines employed 100,000 more at mid-July than they had a year earlier.

Strangely enough, one of the cities least subject to the steel strike's direct effects—New York—has been making the poorest showings.

Gotham stores have run behind a year ago for 18 straight weeks. In the week ended Aug. 9, they were down 9% against a nationwide gain of 2%.

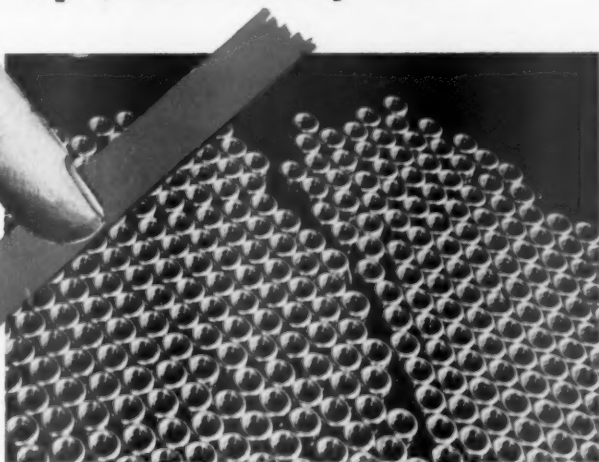
Credit the government's stockpilers as much as the return of the galvanizers for strengthening the zinc market.

Hardly was the steel strike over when the Washington boys came around to see if they could get any zinc at 13½¢ a lb. The words were no sooner out of their mouths than the market was 14¢.

Oil people are doing their best to keep strike losses from causing any fuel shortages this winter. Petroleum output again is nearing last April's peak and Texas' allowable output in September will be a record.



NOW! 3-way action against FINGERPRINT DAMAGE to precision steel parts



GULF NO-RUST F.P.R.

- **displaces fingerprint moisture**
- **neutralizes perspiration acid**
- **lays down temporary rust preventive film**

Precision metal parts can lose some of their precision as a result of an ordinary fingerprint. The moisture and acid corrode the polished surface, interfere with smooth operation.

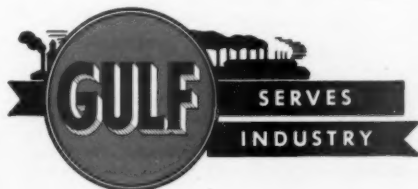
Gulf's new fingerprint remover eliminates this cause of lost accuracy in precision-built mechanisms. Called Gulf No-Rust F.P.R., it displaces fingerprint moisture on metal, neutralizes perspiration acid, and lays down a temporary rust preventive film.

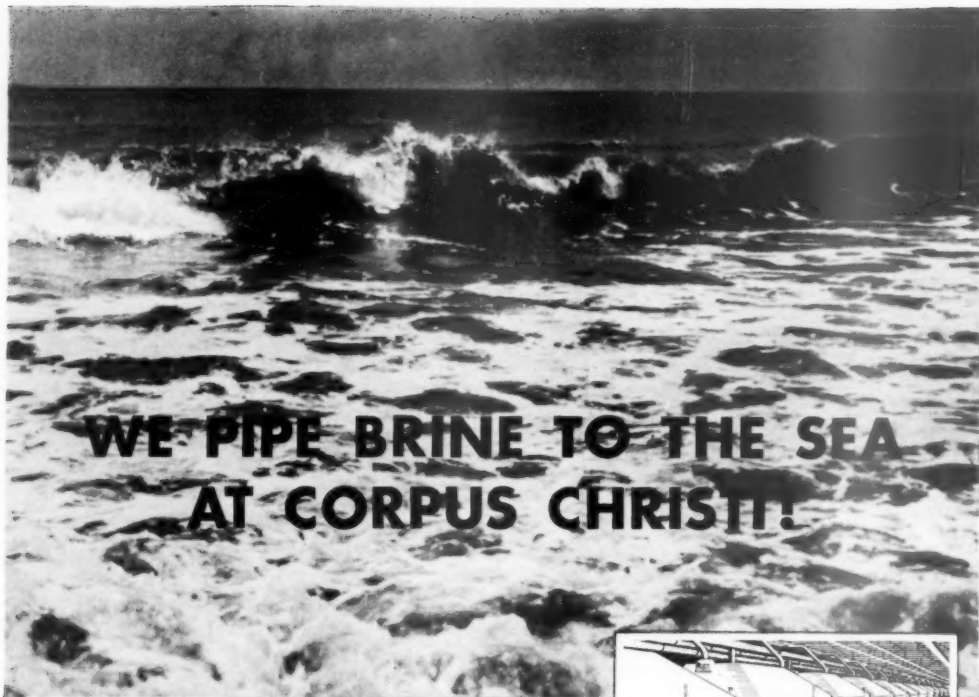
Gulf No-Rust F.P.R. may be applied by dipping, flooding, or spraying to steel, brass, copper, and other metal surfaces. It is readily removed

with Gulf Stoddard Solvent or similar petroleum solvents.

Gulf No-Rust F.P.R. is one of a complete line of Gulf quality rust preventives from which you can select the proper protective coatings to meet all your requirements. A Gulf Sales Engineer will be glad to cooperate with you in the solution of your rust and corrosion problems. Write, wire, or phone your nearest Gulf office today.

Gulf Oil Corporation • Gulf Refining Company
Pittsburgh 30, Pennsylvania

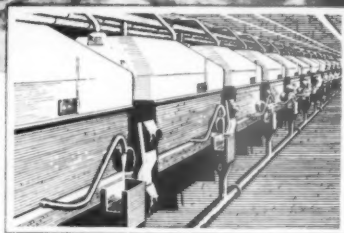




Although Corpus Christi lies almost at the tip of Texas, on the shore of the salty Gulf of Mexico, Columbia-Southern has brought billions of gallons of brine to its plant there, from the great Palangana salt dome, 60 miles inland. This is less of a paradox than it seems, for with the huge quantities of brine involved in the manufacture of chlorine, caustic soda and other alkalis, it is far more costly to purify and produce saturated saline solutions from sea water on such a scale.

The brine is transported through a 14" pipe line—the nation's longest cast iron line at the time of its construction in 1933. A down-hill flow the entire distance, the capacity is over a million gallons per day—equivalent to more than 125 tank cars of brine, or 30 freight cars handling 2,500,000 pounds of solid salt!

This is one of numerous unique features of Columbia-Southern's Corpus Christi plant—the pioneer alkali operation in the Southwest, and a forerunner of the tremendous chemical expansion in that area. Other Columbia-Southern plants serving industry's needs for alkalis and related chemicals are located at Lake Charles, Louisiana; Barberton, Ohio; Natrium, West Virginia; Bartlett, California.



THE ELECTROLYSIS OF BRINE

Basis of most chlorine production—and therefore a large share of the production of its principal co-product, caustic soda—is the electrolysis of aqueous solutions of sodium chloride.

Using diaphragm cells of ingenious design, the electrical decomposition results in chlorine gas, hydrogen gas and liquid caustic soda.

Chlorine and caustic soda are essential in the processing and production of a multiplicity of products and rank among the most important of all the world's manufactures. Columbia-Southern is one of the major producers of chlorine, caustic soda and other alkalis and related chemicals.

COLUMBIA-SOUTHERN CHEMICAL CORPORATION

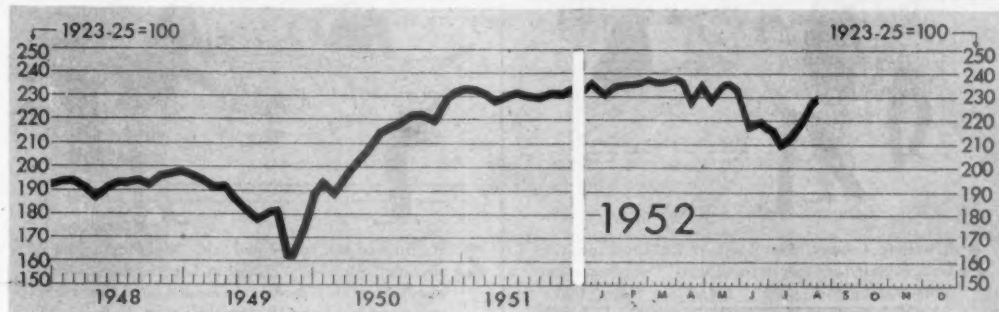
SUBSIDIARY OF PITTSBURGH PLATE GLASS COMPANY

EXECUTIVE OFFICES: FIFTH AVENUE AT BELLEFIELD, PITTSBURGH 13, PENNSYLVANIA **DISTRICT OFFICES:** BOSTON • CHARLOTTE
CHICAGO • CINCINNATI • CLEVELAND • DALLAS
HOUSTON • MINNEAPOLIS • NEW ORLEANS • NEW YORK
PHILADELPHIA • PITTSBURGH • ST. LOUIS • SAN FRANCISCO



SODA ASH • CAUSTIC SODA • LIQUID CHLORINE • SODIUM
BICARBONATE • CALCIUM CHLORIDE • MODIFIED SODAS •
• CAUSTIC POTASH • CHLORINATED BENZENES
RUBBER PIGMENTS (Hi-Sil, Silene EP, Colcene TM) •
MURIATIC ACID • PERCHLOROETHYLENE • PITTCOLOR

FIGURES OF THE WEEK



Business Week Index (above)

\$ Latest Week	Preceding Week	Month Ago	Year Ago	1946 Average
*230.9	†228.8	214.7	232.7	173.1

PRODUCTION

Steel ingot production (thousands of tons).....	2,019	†1,938	317	2,007	1,281
Production of automobiles and trucks.....	38,295	†43,964	32,442	129,661	62,880
Engineering const. awards (Eng. News-Rec. 4-week daily av. in thousands).....	\$124,512	\$79,183	\$51,256	\$37,014	\$17,083
Electric power output (millions of kilowatt-hours).....	7,627	7,495	7,180	7,164	4,238
Crude oil and condensate production (daily av., thousands of bbls.).....	6,278	6,266	6,078	6,241	4,751
Bituminous coal production (daily average, thousands of tons).....	1,600	1,392	1,018	1,695	1,745

TRADE

Carloadings: manufactures, misc., and l.c.l. (daily av., thousands of cars).....	72	69	60	75	82
Carloadings: all other (daily av., thousands of cars).....	58	53	36	60	53
Department store sales (change from same week of preceding year).....	+2%	-2%	None	-7%	+30%
Business failures (Dun and Bradstreet, number).....	141	123	103	158	217

PRICES

Spot commodities, daily index (Moody's Dec. 31, 1931 = 100).....	435.8	438.9	438.8	457.8	311.9
Industrial raw materials, daily index (U.S. BLS, Aug., 1939 = 100).....	268.0	267.2	267.8	304.0	198.8
Domestic farm products, daily index (U.S. BLS, Aug., 1939 = 100).....	357.1	360.7	355.0	353.3	274.7
Finished steel composite (Iron Age, lb.).....	#4.376¢	4.131¢	4.131¢	4.131¢	2.686¢
Scrap steel composite (Iron Age, ton).....	\$42.00	\$42.00	\$40.75	\$43.00	\$20.27
Copper (electrolytic, Connecticut Valley: lb.).....	24.500¢	24.500¢	24.500¢	24.500¢	14.045¢
Wheat (No. 2, hard and dark hard winter, Kansas City, bu.).....	\$2.32	\$2.31	\$2.24	\$2.33	\$1.97
Cotton, daily price (middling, ten designated markets, lb.).....	39.26¢	39.64¢	39.00¢	34.95¢	30.56¢
Wool tops (Boston, lb.).....	\$2.10	\$2.10	\$2.10	\$2.65	\$1.51

FINANCE

90 stocks, price index (Standard & Poor's).....	198.9	202.0	198.5	181.6	135.7
Medium grade corporate bond yield (Baa issues, Moody's).....	3.51%	3.51%	3.50%	3.50%	3.05%
Prime commercial paper, 4-to-6 months, N. Y. City (prevailing rate).....	24-2½%	24-2½%	24-2½%	24-2½%	4-1%

BANKING (Millions of dollars)

Demand deposits adjusted, reporting member banks.....	51,837	51,864	52,002	49,909	†45,210
Total loans and investments, reporting member banks.....	75,586	75,652	76,643	70,305	†71,147
Commercial and agricultural loans, reporting member banks.....	20,722	20,657	20,637	19,379	†19,221
U.S. gov't and guaranteed obligations held, reporting member banks.....	32,500	32,586	33,402	30,949	†49,200
Total federal reserve credit outstanding.....	24,553	24,440	24,671	24,360	23,883

MONTHLY FIGURES OF THE WEEK

MONTHLY TRENDS OF TRADE					
	Month	Month	Year Ago	Average	
Exports (in millions).....	June.....	\$1,162	\$1,466	\$1,297	\$811
Imports (in millions).....	June.....	\$860	\$835	\$930	\$412
Average weekly earnings in manufacturing.....	July.....	\$65.84	\$66.98	\$64.24	\$43.82

* Preliminary, week ended Aug. 16.

†† Estimate (BW—Jul. 12 '47, p16).

‡ Tentative price.

† Revised.

§ Date for "Latest Week" on each series on request



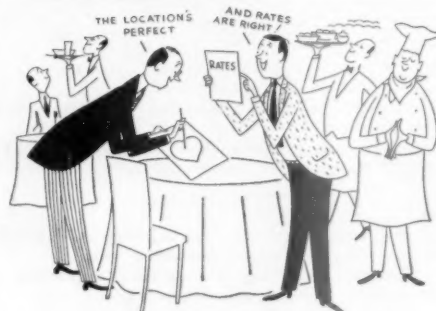
1. Traveling Tommy, connoisseur of Statlers 'cross the land, came in the other day and said, "I've heard some news that's grand—about a brand-new Statler that's a-building, way out West, where travelers to L. A. will find—you really are a guest!"



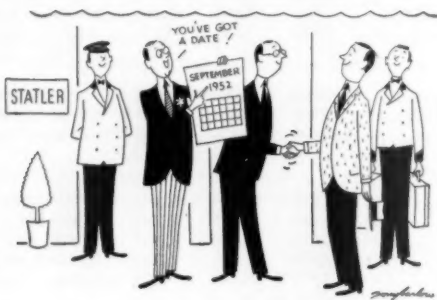
2. We beamed and smiled and said, "Old friend, you're absolutely right! The Statler in Los Angeles is sure a wondrous sight. A modern dream of a hotel that's new as new can be... plus all of Statler's good old-fashioned hospitality!"



3. "Sounds good, but let me ask you this," said Tom with worried frown. "Is it, like other Statlers, the top hotel in town? Are its beds super-comfortable, eight-hundred springs and more? Does each chef bear the title of 'good-taste ambassador'?"



4. "With all these modern trimmings we are all in full accord—but, are prices still within the range your old friends can afford? And last, but most important to each traveler from afar, is this one in the heart of town—as other Statlers are?"



5. "We've listened to your questions, Tom. To each we answer: Yes! Each famous Statler feature is in Los Angeles! You'll find the things you've always liked, and others that are new. So don't forget you've got a date—September, Fifty-two!"



STATLER HOTELS: NEW YORK • BOSTON • BUFFALO • DETROIT
CLEVELAND • ST. LOUIS • WASHINGTON • LOS ANGELES

WASHINGTON OUTLOOK

WASHINGTON
BUREAU
AUG. 23, 1952



The Russians are going to toss a hot new element into the election campaign.

The first full dress Communist Party congress will meet in Moscow Oct. 5—and Stalin is sure to make a major world-policy speech (page 143). It'll be strong evidence on the answer to this question: Is the Kremlin planning for an early war, for a prolonged cold war, or maybe even for a breathing spell? It's even possible a Korean truce might be announced during the Communist get-together.

Whatever Stalin says, it will provide foreign-policy ammunition for campaigners—something besides debating past actions of the Democratic administration.

The military budget for 1954 is shaping up. The Pentagon's target is \$50-billion. But the Budget Bureau will try to keep it inside the \$47-billion appropriation for fiscal '53, the current year. Military spending in 1954 though may hit \$55-billion (page 27).

Preliminary budget-making breaks down next year's program this way:

About \$26-billion for procurement—weapons, construction, clothing, food, and the thousands of other items.

An estimated \$24-billion for operations—pay and allowances, GI combat pay, and mustering out benefits.

Hard goods buying will be heavier for shipbuilding, heavy ammunition, construction, guided missiles, somewhat lighter for aircraft, trucks, small ammunition, other minor ordnance. Examples: more ships such as another flush-deck carrier; new bases in the Pacific like Manus; only about 2,000 new planes, down about one-third; hardly any automotive equipment.

Secretary Lovett wants his successor to carry the ball at the Budget Bureau. He intends to quit at the end of the year, so feels the new man ought not to take over cold. Lovett has Truman's blessing that Stevenson or Eisenhower, whichever wins, can put his Secretary-elect to work early.

The fight for control of the new Congress is close—as close as is the presidential race. Most primaries are over, so the insiders are now figuring how the Republicans and Democrats stack up for the November election.

Republican chances are better in the House than in the Senate.

Democrats probably can keep control of Congress, even if Stevenson just squeaks in over Eisenhower. On paper, it looks as if Ike will need a near landslide to win leadership of both houses.

Here are the political worksheets: The Republicans need to win a net of 16 House seats to take over. That won't be easy, because the GOP pickup of 27 in 1950 pretty much hit the saturation point of Republican hopes. Examples: Republicans have all but five of Michigan's Congressmen, 20 out of 33 in Pennsylvania; all but eight in Illinois; all but two in Indiana.

California offers the best chances for GOP pickups. The 1950 census gave California seven new seats—and the GOP is stronger than the Democrats in most of the new districts. Republicans say they'll get at least four.

New York is another possibility if Eisenhower can carry that state.

WASHINGTON OUTLOOK (Continued)

WASHINGTON
BUREAU
AUG. 23, 1952

The Democrats now hold a 23-22 edge there, and some of their seats are shaky.

Michigan gets two new Congressmen—another chance for a GOP pickup.

•
The Senate fight is an uphill one for the Republicans. The division now is 50-46, so the GOP needs to net three for a majority of 49.

Republican chances lie in five states with six seats at stake—two in Connecticut, and one each in Arizona, Maryland, Wyoming, and Michigan. Best prospects: defeating Democratic Benton of Connecticut, and Moody of Michigan, and winning the Connecticut place vacated when McMahon died. O'Mahoney of Wyoming is in trouble, too, opposed by Governor Barrett. Less likely are defeats of McFarland in Arizona, and Democratic candidate George Mahoney of Maryland, who is running for Sen. O'Connor's seat.

•
Democratic chances are fair to good against these Republicans: Cain in Washington, Ecton in Montana, Malone in Nevada, Kem in Missouri, Jenner in Indiana.

Control of Congress is important—but not all-important. Though the Democrats have had nominal control—chairmanships of committees, etc.—a coalition of Southerners and Republicans has dominated on domestic policies; a coalition of Democrats and Eastern Republicans has called the tune on foreign affairs. Whichever side wins in November, this lineup is likely to continue.

•
Industry people in controls agency jobs are leaving Washington. There is little left but to clean up operations at Defense Production Administration and National Production Authority. Career people in NPA will take over from businessmen to handle routine until CMP dies Apr. 1. DPA will switch over into post-mobilization planning.

NPA will go back under full control of Commerce Dept. After Jan. 1, its main function will be to keep in contact with industry, be ready to set up controls again if needed.

•
New oil exploration in Venezuela is the next step in U.S. trade talks with that country. This is the concession we want in return for lowering the oil import tax from 21¢ a barrel to 10½¢, and for lifting quotas. This agreement is nearly ready for signature.

Venezuela has good known reserves. Its fields are checker-boarded, so it's probable drillers will strike oil if new drilling is permitted.

The U.S. has been seeking new concessions for some time. Venezuela exports 385,000 barrels a day now; and U.S. wants to increase that source to offset unsettled conditions in the Middle East.

•
Tax law changes next year are being drafted for Congress. The Joint Committee on Internal Revenue Taxation is working over ideas for modifying excess profits levies, corporate rates, etc. Committee staffers have been sending out questionnaires to businessmen, lawyers, and economists, asking for suggested technical changes too.

If you have any ideas—but not just wishes—on taxes, write for a questionnaire to fill in. Write to Joint Committee on Internal Revenue Taxation, Room 1011, New House Office Bldg., Washington, D. C.



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per second**

The eyes of this Sperry engineer are on tomorrow—even while they closely observe the performance of a Gyropilot® flight control system being vibration tested at 500 cycles per second on a shake table. All Sperry equipments are being constantly "tortured" and exposed to conditions more rigorous than they may undergo even in tomorrow's aircraft.

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consistently smooth, precise automatic flight under all flight conditions.

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New G-E Rapid Start lamp needs no starter, cuts maintenance



IN THE NEW RAPID START lamp circuit G-E has been able to eliminate the starter required in standard lamps to pre-heat the cathode. For that reason, maintenance is even easier, more economical than before.

This new General Electric *Rapid Start* lamp was made possible by two G-E developments: an improved triple-coil cathode that replaces the double coil in standard fluorescent lamps, and a *Rapid Start* ballast. Together, they give

General Electric *Rapid Start* lamps almost instant starting and smooth, simple operation.

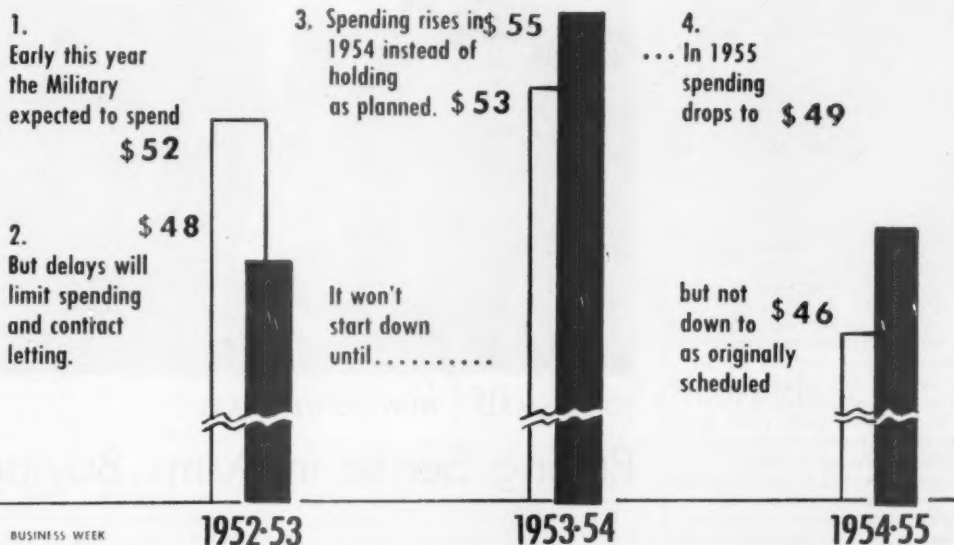
G-E *Rapid Start* fluorescent lamps are rapidly becoming available. Many leading fluorescent lighting fixture manufacturers are incorporating the new lamps and ballasts in their latest equipment. These two newest developments of G-E research are another reason why you can *expect* the best value from General Electric fluorescent lamps.

You can put your confidence in—

GENERAL  **ELECTRIC**

The New Pattern of Military Spending

Military expenditures per year, billions of dollars - (\$)



Priming the Pump a Year Longer

"Stretchout" is Washington gobbledegook for taking two years to do what you could do in one if you really wanted to. It has hit the nation's defense program again.

This time the stretchout is not a sweeping reshuffling of all contracts. It amounts merely to an adjustment of production schedules. But—unless some new threat develops out of the personnel shifts now going on in Russia (page 143)—it will have important consequences for business, on two counts:

- Industry can now figure on a spending prop under the economy running on through late 1953 and 1954.

- Industry won't have to face the materials and labor squeeze that would have resulted from an attempt by the military to make up their steel-strike production losses all in one year.

- **Three Plans**—The new stretchout brings to three the number of over-all

production plans that the U.S. has worked out since the start of the Korean war.

The first called for spending to reach a peak level of \$83-billion in the 12 months from July, 1952 to July, 1953. After that, there was to be a fast slide to an annual outlay of \$20-billion to \$25-billion.

The second—the stretchout of last December—slashed the peak to \$53-billion and pushed it back a year later, to 1953-1954. Over the following two years, this would have tapered off to a level of about \$40-billion.

The third plan, the one being worked out now, postpones the spending peak again. Although the December stretchout called for the very highest point of the peak to come in 1953-1954, it would have brought spending close to the top planned rate near the end of the present calendar year—De-

cember, 1952. Under the new plan, spending won't approach the high point until late in 1953. And there'll be a greater spending total—partly the result of plans for a bigger military force than was figured on last December. (The goal is now 3.7-million men in uniform in 1956, instead of the previous target of 3.5-million.)

- **Why?**—The latest adjustment of the arms program is largely a result of a rejiggering of spending and production targets—for the sake of realism. For one reason and another, we weren't going to hit the old goals, anyhow.

Here's why—according to defense experts—a new stretchout has been ordered.

(1) The steel strike really hurt defense production, though not nearly so much as the Pentagon would have you believe. Before the strike was over, some high military sources were claim-

ing arms output had been knocked off schedule by as much as 30%. Calmer heads now say production will be off some 10% to 20%.

(2) As usual, the old production schedules proved over-optimistic. This was partly because such schedules are set high, on the time-honored theory that the carrot should always be held a few inches beyond the bunny's nose. Then, too, the military is seldom able—short of war—to do anything as fast as anyone else.

(3) Congress threw an additional monkeywrench into the creaking military procurement machinery with its election-year talk of drastic economy. The services took seriously the threat of a \$46-billion-a-year ceiling on military spending, particularly after such a measure passed the House. The Senate finally abandoned the proposed ceiling. But by then, the services' procurement officers had stopped pushing out new contracts until they could see whether or not they'd get money enough to pay for them.

• **Size of Loss**—All these factors add up to a loss of about \$4-billion of military spending originally planned for the year ending next June 30.

It will take a year and more to catch up. Aircraft engines and other long lead-time equipment that couldn't be produced in June and July for lack of steel can't be built in August and September. The plants turning them out are working three shifts a day. It will take extra days' work over a year to 18 months to make up the loss.

Some losses will be made up more quickly, of course. Ammunition is a good example. We can step up output of most types of ammunition any time we want to put the steel and manpower into it. And that's just what we are doing now.

• **Opponents**—Like the first stretchout, the new one has opposition in some mobilization circles. Mainly, it's the civilians this time who are clamoring for more arms production, though not for all-out-war level. This group says we should set new short-range goals and get at them quickly, within a year or so.

The armed forces feel we are advancing as rapidly as possible. If we go much faster in producing some weapons, we'll either get more of them than we really want or we'll have to terminate contracts to avoid doing so.

Take one of our jet bombers, for example. The manufacturer has advised the Air Force that, for comparatively little more money invested in additional facilities, he can quadruple his output. But the Air Force already has a better bomber on the drawing boards. So it will keep the manufacturer on his present schedule—until it is ready to give him the plans for the new bomber.



JOHN SMALL'S NEW POWERS ARE

Putting Sense in Arms Buying

Ever since World War II, Congress has been trying to make more sense out of our first big permanent peacetime military establishment.

In 1947, the three military services were unified.

Now, faced by huge Korea spending, Congress has told the military to clean up buying practices, or else. Before Congress shut up shop last session, men like North Carolina's Herbert Bonner and Louisiana's F. Edward Hebert were ready to set up a fourth Service of Supply, alongside Air Force, Army, and Navy.

Sen. Joseph O'Mahoney (D. Wyo.) successfully sponsored an amendment to the 1953 military appropriations act requiring Defense Secretary Robert Lovett to eliminate duplication of supply activities. It also threw cold water on Air Force hopes of setting up its own supply service for common-use items.

• **Stronger**—Pentagon reaction was quick. Fearing a civilian buying boss, the brass decided to brace the underpinnings of the Munitions Board—Defense Dept.'s board of directors for purchasing and production. The board got a new charter; and its chairman, John

D. Small, got some new powers. Then Lovett ordered a tightening of lax procurement activities.

Now the Munitions Board is acting under the theory of "let's not mistake activity for progress." Executive vice-chairman John C. Houston has called for a review of all activities. Useless research projects are being abandoned. Personnel is being pruned up to 20%.

Under the new setup, the board will try to be what it was designed for: the Defense Dept.'s index of what support the country can provide the military in material, technical skill, transportation, and industrial production. In addition it will be watchdog on the 3.5-million transactions, great and small, into which the Defense Dept. enters each year.

• **Enforcement**—Small gets virtually full authority to enforce board decisions. The services can appeal to Lovett, but there's little chance such appeals will be encouraged. Previously, the chairman could only recommend. But the biggest change in procedures will come Sept. 8 when Lovett issues the new military supply regulations. Here are some highlights:

• Redetermination and renegotia-

tion will be tightened up in negotiated contracts. Price redeterminations will be downward only.

- Procurement of items by one service for the use of all three will be expanded still further.

- Each service will be allowed use of commercial-type facilities like warehouses and laundries which are held by another service. New facilities of this type cannot be built without permission of the Defense Dept.

- Procurement officers must use commercial specifications and standards except when these are impracticable or uneconomical.

- The services may not set up new supply services or expand existing ones after Sept. 8, regardless of prior agreements.

- Machine tools and production equipment now in reserve or on order must be used before more can be ordered.

- Government expansion or production facilities will be discouraged, private financing encouraged.

Steel Buyers Get Tab

Steel buyers got the bill this week for the record-breaking wage settlement that ended the nation's longest steel strike three and a half weeks ago. At midweek, mills began submitting the first complete bills they have rendered since the strike ended.

Between the settlement date and the time the Office of Price Stabilization issued its formal price order, mills either didn't render bills, or billed at pre-settlement with the proviso that charges could be adjusted later to the OPS figures.

Here are some selected prices, tabulated from a list now offered by U.S. Steel:

(All prices given are per ton, in carload lots, subject to extras and deduction. Prices by other producers will be at or above these levels.)

Product (tons)	Old Price	New Price
Forging blooms, billets, slabs... \$66		\$70.50
Forging blooms, billets, slabs (alloy)..... 70		76
Concrete reinforcing bars (new)..... 74		79
Standard structural shapes.... 73		77
Plates..... 74		78
Standard T-rails No. 1..... 72		75.50
Hot-rolled strip..... 70		74.50
Hot-rolled sheets (18 ga. plus)..... 72		75.50
Cold-rolled sheets (commer. qual.)..... 87		91.50
Galvanized sheets (reg. 10 ga.)..... 96		101.50
Nails..... approx. 127		127
Barbed wire..... approx. 141		142
Merchant wire, annealed..... 114		121.50
Merchant wire, galvanized..... 123		124.50
Butt-weld black pipe, plain ends (prices per base box)..... 150		157
Electrolytic tin plate (0.25 lb.)..... 7.15		7.40
Hot-dipped tin plate (1.25 lb.)..... 8.45		8.70
Black plate..... 6.25		6.50

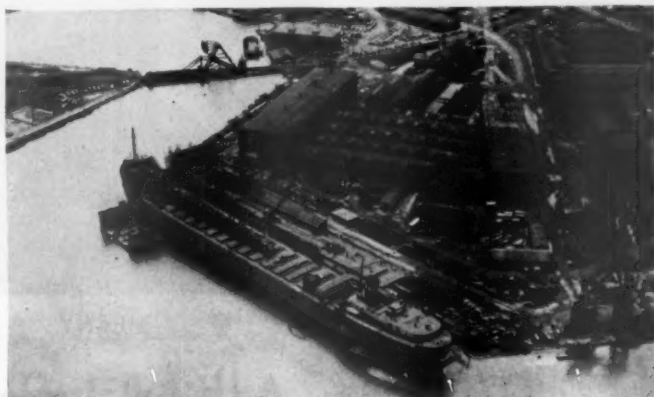
These prices were arrived at by calculating average increase to yield \$5.20 per ton for carbon steel products. But the actual increases are scattered all

over the lot, because of the variations in man-hours per ton for different products. All prices, of course, are F.O.B. mill.

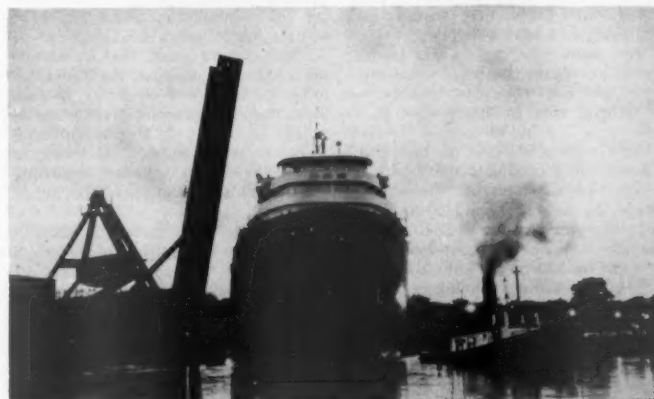
The \$5.20 figure itself was curiously fabricated. Price Stabilizer Ellis Arnall contributed \$2.84 of it, reluctantly, under the terms of the Capehart amendment. Then, with Arnall dissenting bitterly, Defense Mobilizer John Steelman tacked on the remaining \$2.36.

In applying its formula to specific products, OPS used the manhours needed to produce a ton of the product. When that was less than the industry's rule-of-thumb figures—20 man-hours per carbon product ton—the price boost was correspondingly below \$5.20.

Stainless steel, mechanical and pressure tubing, and certain alloys received flat percentage increases ranging from 3% to 6%, including a 4.7% boost for stainless.



20,000-Ton Ship, 72-ft. Wide ...



... Skins Through a 73-ft. Bridge

Its 20,000-ton capacity makes the brand new John C. Munson the largest self-unloading limestone carrier on the Great Lakes and the largest ship ever built in Wisconsin. Among its impressive statistics is a 72-ft. beam.

That's a lot of beam, especially when the Munson had to squeeze through a bridge gap only 73 ft. to get from its

berth at Manitowoc onto the lake preparatory to its trial run. The ship made it, too; didn't even scrape with its 6-in. clearance on each side.

The upper picture shows the Munson at its dock. Above its bow is the bridge, whose draw is on the left side. Easy does it, as the tug (lower picture) tows the big ship into the gap.



GOMPERS "Any man who believes he has labor's vote in his pocket is a fool."



MEANY "We couldn't have written a better Taft-Hartley plank [in Democratic platform] if they had let us."

Putting All of Labor's Political

Samuel Gompers, founder of the American Federation of Labor, once denied point-blank that there's any such thing as a labor vote.

"Any man who says he has labor's vote in his pocket is a liar," said Gompers, "and any man who believes he has labor's vote in his pocket is a fool."

Yet Gompers' AFL is on the verge of endorsing a candidate for President of the United States for the second time in its tradition-bound 66-year history. The previous departure from custom was in 1924, when the federation came out for Robert M. LaFollette, Sr., Progressive-Socialist candidate from Wisconsin.

• **A Labor Bloc?**—There's debate on what a union endorsement is worth. The astute labor leader today has learned that it's wiser to play down the political unity of labor. He doesn't want his enemies picturing him as a political boss and pinning Gompers' definition on him.

Yet the CIO has never been coy about political activity. It has already endorsed the Stevenson-Sparkman ticket, and that was neither a surprise nor a departure.

The two major political parties also look differently at the value of a labor endorsement.

The Republicans apparently believe they can reach the union members

without cultivating labor leaders; their gestures to leaders become fewer. On the other hand, the Democrats have courted labor leaders increasingly.

That doesn't mean the Democrats necessarily are convinced the leader can influence big blocs of votes. It does mean they are interested in the financial weight he carries. In the current campaign, for example, AFL is trying to raise \$750,000 in voluntary contributions; CIO is shooting for \$500,000 or so.

• **Tradition**—AFL's hesitation about a presidential endorsement isn't based on doubt about how much such an endorsement is worth, or how far it influences the votes of union members. It's based on dictates of tradition.

Since Gompers' time, the AFL view has been that endorsing the heads of a national ticket amounts to endorsing a political party—and AFL is supposed to be nonpartisan. Until this year, AFL even held its annual convention after the election in presidential years, in October in all other years.

• **Next Move**—Now the odds are that AFL will endorse a presidential ticket—and that the nod will go to Stevenson-Sparkman. Following CIO's similar action, that would put all the eggs of American labor leadership into one basket.

AFL's decision will come at the annual convention that opens in New

York on Sept. 15. Both Eisenhower and Stevenson have tentatively accepted invitations to speak during the first week of the convention. Their speeches will inevitably be judged as bids for endorsement by AFL.

The endorsement question almost went through without convention action. The AFL executive council was reported on the brink of endorsing Stevenson at its Atlantic City meeting. Action then was balked by requests from a couple of unions that had internal problems to settle first.

• **Taft-Hartley**—There's one big reason for AFL's unwonted political partisanship: the Taft-Hartley Act. That's true even though the executive council for the first time voted to consider amending T-H (page 125). Regardless of apparent rank-and-file indifference to the act, labor leaders are still pretty hot under the collar.

When repeal efforts failed in 1949, AFL deliberately planned a greater political role for itself. It changed its constitution to permit the annual convention to be moved up to September in a presidential election year.

That was a tip-off, but it didn't commit the federation to endorsing any candidate. Last winter the executive council mentioned the possibility of an endorsement but outsiders interpreted this as a word of caution to the Republicans not to nominate Taft. The balance was



TRUMAN "With your help [addressing CIO delegates in the White House rose garden] . . . we are going to do exactly again what we did in 1948."

Eggs in One Basket

really tipped during the party conventions in Chicago last month.

• **Meany's Stand**—George Meany, AFL secretary-treasurer (picture), had been cool to the Administration since the latter days of Franklin D. Roosevelt, and he has been one of the leaders most concerned with shying away from a party label. But he turned up at Atlantic City as a leading advocate of an AFL endorsement for Stevenson.

For one thing, he liked the Democratic platform. "We couldn't have written a better Taft-Hartley plank ourselves if they had let us," he said.

More than that, though, he was impressed by the contrast in the receptions he got from the two parties. The Republicans, he said, delegated a platform subcommittee to meet him in a small room and received the AFL proposals without a word of comment. The Democrats turned out the full platform committee; turned the chair over to an AFL member of the committee, William A. Lee, president of the Chicago Federation of Labor; and discussed Meany's ideas with enthusiasm.

• **Strong Lineup**—Whatever the reason, Meany and an impressive lineup of union executives are pushing endorsement of Stevenson. Among the others are William Green, president of AFL; George Harrison of the railway clerks, James Caesar Petrillo of the musicians' union, and David Dubinsky

of the ladies' garment workers' union.

These leaders recognize the practical reasons for the old tradition of not going on a limb for any candidate: AFL seeks favors from men in both parties. If it endorses a losing candidate it will have at once demonstrated its impotence and slammed the White House door in its own face.

Besides, AFL leaders gag at the thought of playing second-fiddle to CIO, which has already endorsed Stevenson.

• **Mind-Change**—For all the reluctance in high places, though, a Stevenson endorsement next month is virtually sure unless:

• AFL leaders become convinced that Eisenhower has a better than even chance of winning.

• Eisenhower himself offers more of a labor plank than the Republican platform does.

• A minority of the executive council threatens to do battle on the convention floor. The leadership thinks public fights are in bad taste, especially ones it can't win handily.

If an endorsement comes, it will probably be pinpointed as approval of candidates and platform, not necessarily of a party as a whole. This would leave the door open to state and local union bodies to endorse such candidates of the other party as they choose in state and local contests.

No Tariff Hike . . .

. . . on watches, Truman has decided. Swiss applaud his action as a generous boost to free world trade.

Last week, President Truman said: "If we put new tariff barriers against Swiss watches, we would . . . be striking a heavy blow at our whole effort to increase international trade and permit friendly nations to pay their own way in the world."

With these words, the President turned down a recommendation of the U. S. Tariff Commission that import duties on Swiss watch parts be boosted 50%. This marks the second time Truman has reversed the commission. The first came four weeks ago when he squashed a recommended hike on garlic tariffs (BW-Jul.26'52,p121). Earlier than that, in June, the same low-tariff thinking had shown up when the commission itself threw out Harley-Davidson Motor Co.'s request for a boost on motorcycle duties (BW-Jun. 21'52,p30).

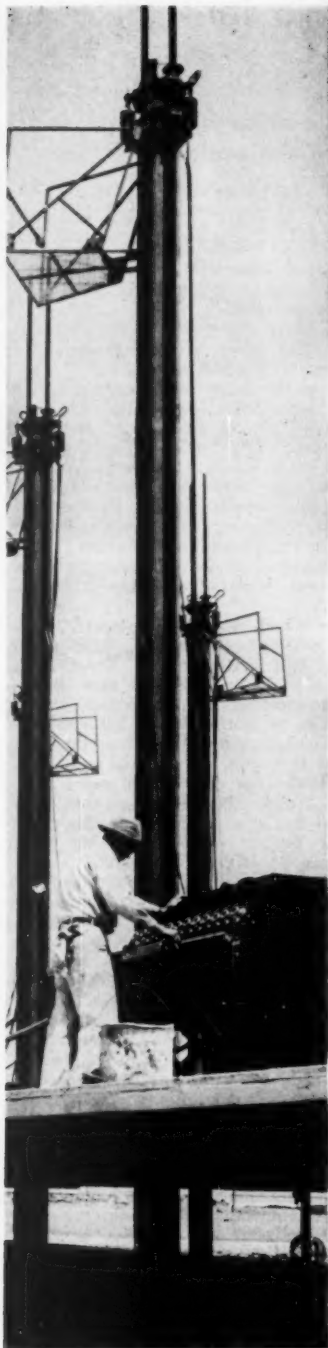
• **World Aspect**—These recent decisions have steadied U. S. tariff policy, at least for the present. Though they have raised a howl from some domestic manufacturers, the decisions should allay the fears of foreign businessmen—who keep a nervous watch on the shifts of U. S. policy toward and away from the direction of free world trade.

Indeed, the government and press of Switzerland were loud with praise of Truman and the U. S. last week. Said the *Journal de Geneve*: ". . . the decision . . . has tremendous importance in reaffirming the confidence between [the U. S.] and the free countries of Europe."

• **Case History**—Truman's decision grew out of a petition by Elgin National Watch Co., Hamilton Watch Co., and Waltham Watch Co. They had asked for relief under the 1951 Trade Agreements Extension Act's "escape clause," which lets U. S. manufacturers take their troubles to the Tariff Commission whenever imports "cause or threaten serious injury."

The American watchmakers said they were being strangled by the growing number of imported Swiss movements—\$75-million worth last year.

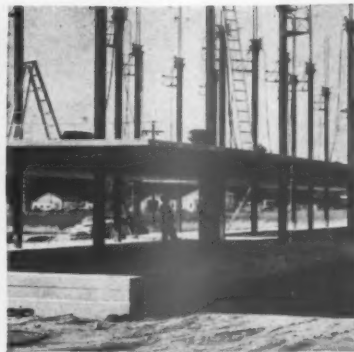
The argument sounded good to the Tariff Commission, which recommended a tariff hike. The President, however, isn't bound by the commission's recommendations. Truman turned the plea down. He said that in spite of foreign competition, U. S. watch output has nearly doubled in the last 12 years.



CONTROL PANEL regulates pressure on hydraulic lifts as slabs are hoisted into place.



1 At ground level, concrete roof and floors are built, steel framework is erected.



2 Hydraulic lifts on columns connect with steel collars sunk in concrete.

How to Keep Your Feet

The Air Force, which has spent a lot of time and money getting men and machines off the ground, is now concentrating on getting construction down to earth. Its new barracks at Lockbourne Air Base near Columbus, Ohio, is being built from the roof down, reversing the time-honored practice of building from the ground up.

This unorthodox procedure isn't as topsy-turvy as it sounds. The Army Corps of Engineers, which is in charge of the construction, thinks the new approach is way ahead of ordinary construction in both time and money.

• **Last Things First**—The trick is to avoid the whole business of pouring roof and upper floor slabs way up in the air where you have to use scaffolds and elaborately braced forms. Instead, after the contractors had poured the first floor slab, they poured the second floor right on top of it. Then they poured the third floor on top of that and the roof on top of the whole sandwich—all at ground level.

The final step was to hoist the roof and upper floors into place with hydraulic lift mechanisms.

This "lift-slab" method of construction is the brainchild of Philip Youtz, an architect of Yorktown Heights, N. Y., and Tom Slick, wealthy San Antonio, Tex., oil man. Four years ago the men pooled their ideas and patents, and dumped the project on the Institute of Inventive Research, a nonprofit research organization Slick established several years ago.

• **The Winner**—Last fall, James I. Barnes Construction Co., a nationwide organization with its Midwest headquarters in Springfield, Ohio, got interested in the method. So when U. S. Army Engineers at Huntington, W. Va., advertised for bids on new dormitories

to be built at Lockbourne, Barnes submitted an alternate bid based on the company's own design, instead of on that of the engineers.

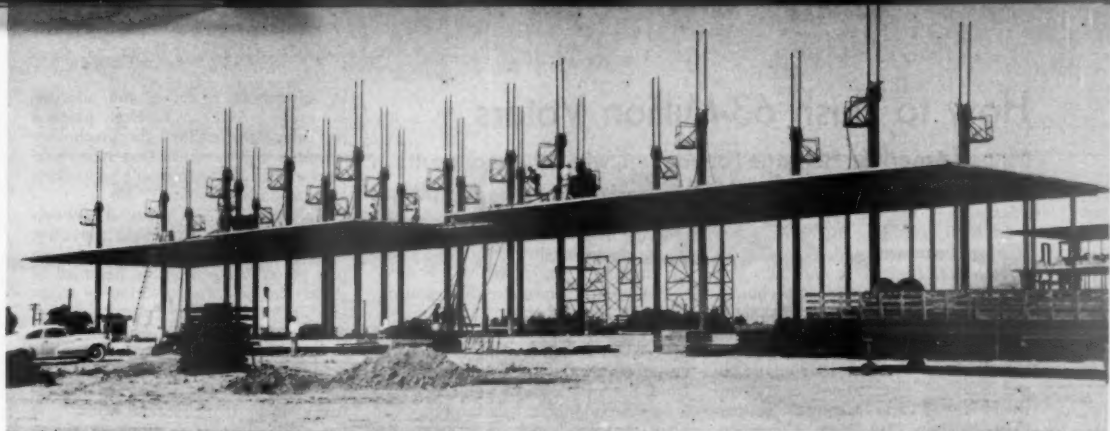
When the bids were opened, district engineer J. O. Colonna found that the Barnes' alternate bid of \$4,378,295 was \$229,000 lower than its nearest competitor. Barnes' bid called for four mess halls and some other structures in addition to the 13 dormitories needed to house 2,500 Air personnel. Since Barnes' unit price on one of the dormitories was \$218,000, that meant that Air Force was, in effect, getting one dormitory for nothing.

What gave Barnes the edge was that the company based its estimate on the lift-slab method. Although Army Engineers weren't too familiar with the new method, Barnes got the contract, and the company and its subcontractors moved in.

• **Step by Step**—The foundation and footings of a building were poured first. Then steel columns were set in the footings to form the skeleton framework. A reinforced concrete slab was poured around the columns to form the ground floor. Electrical conduits, sleeves for plumbing lines, stairwells were installed in the proper place before the slab was poured.

The first floor slab was coated with a thin coat of liquid wax which kept it from sticking to the next slab. Then another slab was poured directly on top of the first one to form the second floor of the building. Embedded in the slab were steel collars to hook into the lifting mechanism. This slab, too, was given a coat of wax. Then the third floor slab and the roof slabs got the same treatment.

After a couple weeks of "curing" the slabs were ready to be lifted into



3 Two threaded steel rods dropping down from the hydraulic jacks do the actual lifting. It takes an average of about a day

and a half to lift the roof slab—which weighs around 500 tons—from the ground all the way to the top, a distance of 30 ft.

on the Ground and Build a Roof

place. An individual hydraulic ram atop each steel column did that job. The jacks used have a lifting capacity of 50 tons each and a 3-in. stroke (so they can lift a slab 3 in. at a time).

Two steel lifting rods were hooked onto each of the steel collars embedded in the slabs. Flexible tubes carrying the hydraulic fluid connected each jack with a central control panel on the top slab. Subcontractor Lift-Slab, Inc., of San Antonio, lifted the slabs at an average rate of 3 ft. to 5 ft. an hour—it takes an average of about a day and a half to lift the dormitory roof slabs

to their positions 30 ft. above ground.

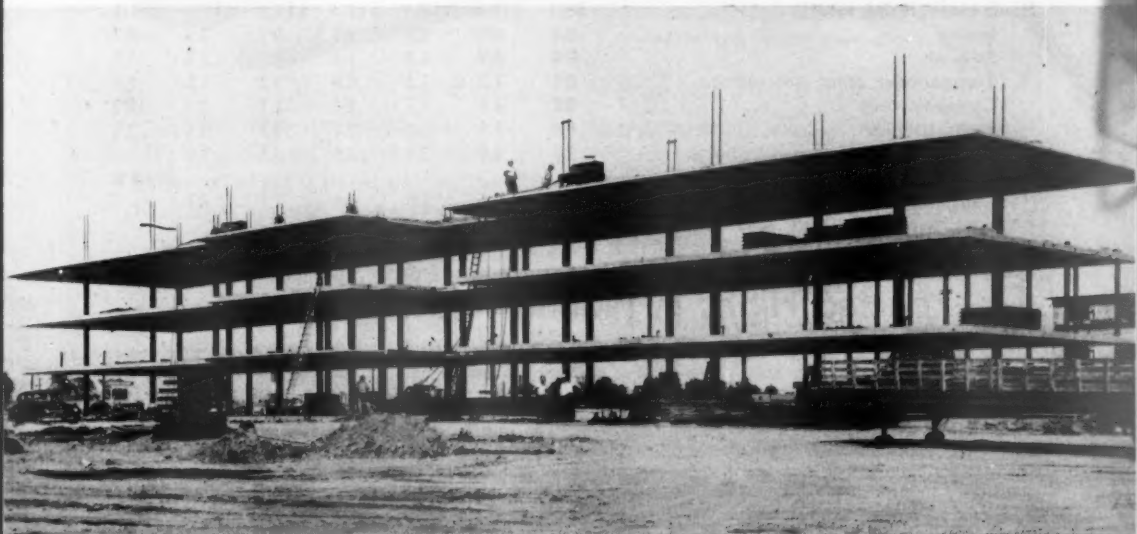
• **Advantages**—One of the major advantages of this method lies in the fact that all structural work on the slabs is done at ground level. It eliminates the need of costly conveyor equipment to haul the concrete to the second and third floor levels. There's also a tremendous saving in concrete form costs, since the top of one slab serves as the form for the bottom of the next slab.

Another substantial saving is in the handling of reinforcing steel, which in this system is all placed and tied in slab forms at ground level. Lift-Slab fig-

ures that savings in handling costs range up to \$16 a ton of reinforcing steel.

Another saving, of course, is in time. The lift-slab method will save the Army four months' construction time. That's partly because construction itself is faster, and partly because there's little time lost on account of bad weather, since workers are under cover from the time the roof slab goes up.

Of course, the method has limitations. The architecture must be of a type adaptable to flat-slab construction. It wouldn't be practical for building a church or a movie theater.



4 All three slabs—roof, third, and second floors—have been hoisted into place and welded to the steel columns. From

now on the work will go very fast, since the workmen will be under cover and bad weather won't cause any delays.

How to Flush 63-Million Voters

American Heritage Foundation, with other nonpartisan groups, is running a nationwide get-out-the-vote campaign.

In 1880, according to the American Heritage Foundation, 78.4% of eligible U.S. voters trudged to the polls and marked down their presidential choices. In 1948, only 51% did so. Taking it for granted that this situation can stand improvement, AHF—together with at least 50 other civic, fraternal, and business organizations—has set up what it calls the National Nonpartisan Register and Vote Campaign. This week, with registration day just around the corner in some states, AHF began shifting its campaign into high gear.

• **Business Helps**—The core of this campaign is a program whereby radio and television stations, publications, and companies in all fields of business are being asked to sponsor advertisements, or allot advertising space or time, to further the get-out-and-vote cause. (AHF has designed the ads, supplies free mats.) A company's reward for helping out—aside from the

satisfaction inherent in doing so—will be the public goodwill it builds up during the campaign.

Many outfits have already signed on. Here are some of them:

- Continental Baking Co., maker of Wonder Bread, is going to nudge its customers with special promotional bands around each loaf of bread.

- Metropolitan Life Insurance Co. plans to devote much of its September magazine and radio advertising schedule to the campaign.

- Bristol Myers Co.'s newspaper comic-section ads will carry the theme. Example: A man gets up on election morning feeling out of sorts, takes BM's Sal Hepatica so he can go out and vote.

- E. I. du Pont de Nemours & Co. will devote at least one of its Cavalcade of America radio programs to dramatizing the need for a big vote.

- **The Pitch**—Aided by the Advertising Council (public service outfit supported

by advertisers, agencies, and advertising media), AHF has carefully planned the campaign, outlined the psychological pitch in advance so that sponsoring companies and media won't be working at cross-purposes.

This year, as AHF plans it, get-out-and-vote promotion will take a positive rather than a negative approach. In past years, such promotion has tried to shame the citizen into voting by accusing him of everything from laziness to criminal negligence.

"Leading psychologists and public opinion consultants," says AHF, "are convinced this negative attack has actually made the situation worse." It has made the citizen think of voting as an unpleasant chore.

This year's ads, by contrast, will talk the citizen to the polls by convincing him that, although he may not have realized it before, he has a burning desire to vote.

- **The Targets**—AHF's promotion will be aimed at three main groups: (1) the doubters—people who think voting is a waste of time; (2) the new voters—people who have come of age or become U.S. citizens since 1948; and (3) women—who trail far behind men in percentage of eligibles voting.

A Second Look at Postwar Investment Shows...

Since 1945 industry has spent this much on plant and equipment

(All figures rounded in billions)

	1946	1947	1948	1949	1950	1951	1952 (First 3 Quarters)
Nonmanufacturing total	\$8.1	\$11.9	\$12.9	\$12.1	\$13.1	\$15.2	\$11.1
Mining	0.4	0.7	0.9	0.8	0.7	0.9	0.7
Railroads	0.6	0.9	1.3	1.4	1.1	1.5	1.1
Transportation other than railroads	0.9	1.3	1.3	0.9	1.2	1.5	1.1
Communications	0.8	1.4	1.7	1.3	1.1	1.3	1.2*
Public Utilities	0.8	1.5	2.5	3.1	3.3	3.9	3.1
Trade	2.7	4.0	3.1	2.9	3.5	3.9	4.2
All other (includes service, construction, and finance)	1.9	2.1	2.0	1.8	2.1	2.3	

* Business Week Estimate

Date: Securities & Exchange Commission—Commerce Dept., Bureau of Internal Revenue

...Unexpected Highs in Nonmanufacturing

The government's figure experts have come up with some much more solid information on investment in plant and equipment by the nonmanufacturing industries (table). The result is a picture that can be compared with similar figures that the Securities & Exchange Commission and the Dept. of Commerce have compiled for the manufacturing industries (BW—Jun. 21 '52, p34).

For the most of the industries in the new compilation, the new measurement of their investment spending shows that

expansion was greater than anybody realized. For instance, previous figures on spending for total plant and equipment by these industries totaled \$12.1-billion for 1951. The new figure is \$15.2-billion, about 25% higher.

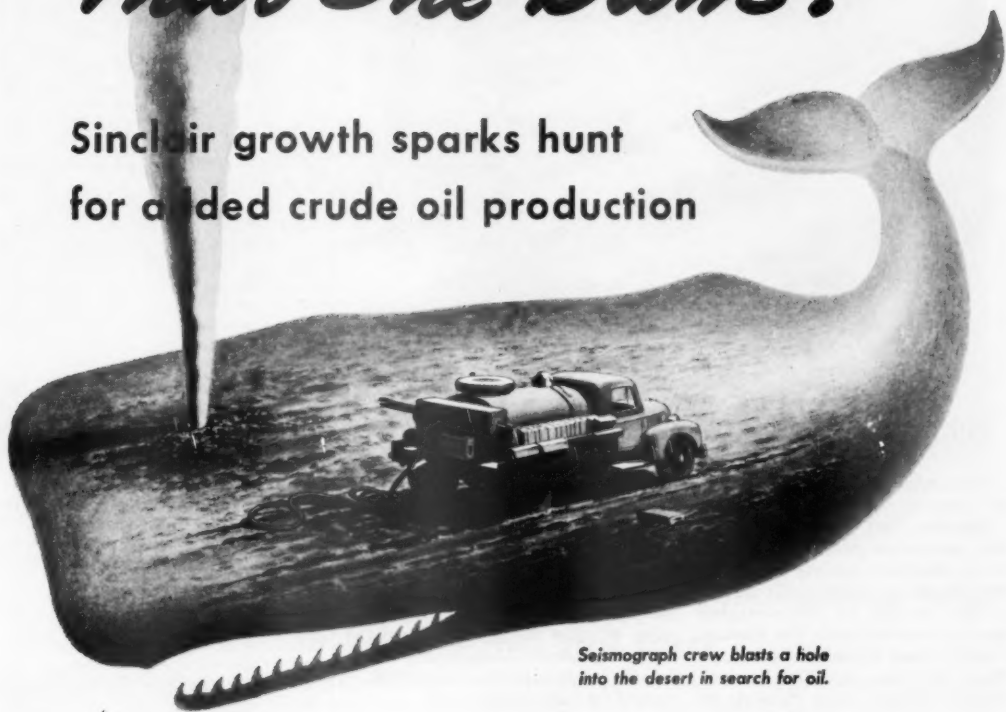
According to SEC and Commerce, the new figures are more accurate because they're based on bigger and better samples than they have heretofore been able to use.

The new report points up the tremendous expansion of the U.S. eco-

nomic system during the postwar years—in both manufacturing and nonmanufacturing industries. About \$85-billion was added to plant and equipment of the nonmanufacturing industries since World War II. You can't tell exactly what that did to unincorporated companies, but according to Lawrence Bridge of Commerce and Vito Natrella of SEC, about 30% of the corporate-owned nonmanufacturing fixed capital was less than six years old at the end of 1951.

Thar She Blows!

**Sinclair growth sparks hunt
for added crude oil production**



*Seismograph crew blasts a hole
into the desert in search for oil.*

When oil for America's lamps
was extracted from whale blubber,
first you had to find the whale.
Today, when America's thirst for gasoline
and other petroleum products
is well-nigh insatiable, the first problem
is to find crude oil.

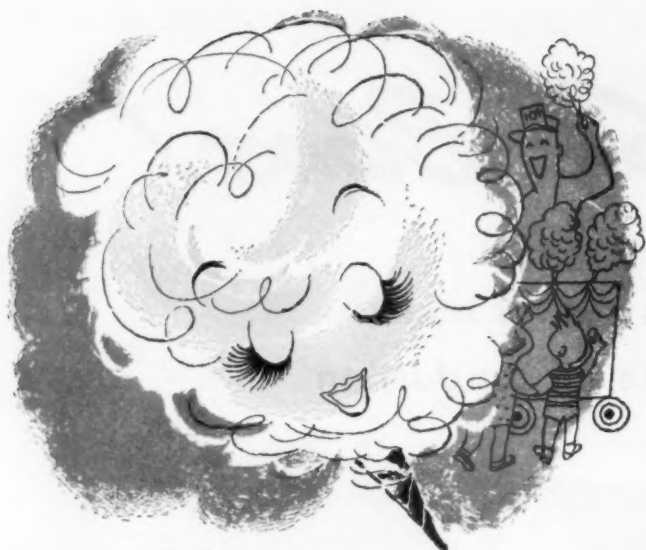
To help satisfy this demand,
Sinclair is expending hundreds of millions
of dollars in a comprehensive program
to increase its crude oil production and

to accumulate sufficient reserves
to supply future requirements.

The Company's program to meet
the demands of its expanding markets
is another assurance of
Sinclair's continued progress. And
another reason why
Sinclair is . . . a great name in oil.

SINCLAIR
A Great Name in Oil

SINCLAIR OIL CORPORATION • 600 FIFTH AVENUE • NEW YORK 20, N. Y.



Putting the Pfooff in Pink Cotton Candy!

Remember how it tickles as good as it tastes?

Spinning that delectable, gossamer, spun-sugar puff of pink cotton candy, however, requires a high degree of carefully controlled heat.

That is why the candy-making machine manufacturer, The Electric Candy Floss Machine Company, Nashville, Tenn., uses Ward Leonard VITROHM 13-inch plate rheostats to

control the temperature of the mixing bath.

The stability of VITROHM rheostats can always be counted upon when temperature control is critical.

Whether you make candy machines or battleships or any of thousands of other things, Ward Leonard's Engineering Department can help by recommending the correct control for each specific need.

Headlines of 1903

SPECTACULAR LIGHTING AND ELECTRIC CONTROLS FOR NEW HIPPODROME BUILT BY H. WARD LEONARD

When the Hippodrome, spectacular venture of Thompson and Dundee of Coney Island fame, opened in New York, on the east side of Sixth Avenue between 43rd and 44th Streets, in 1905, it created a sensation.

At that time the "Largest Theatre in the World," it had an immense stage and a huge tank of water in front of and under the stage for presenting elaborate spectacles.



The intricate lighting system and driving control for the stage machinery was designed and built by H. Ward Leonard.

Today, Ward Leonard still stands first in successful engineering of electric controls.

**WARD LEONARD
ELECTRIC COMPANY**

ROCKY HILL, NEW YORK

Result-Engineered Controls Since 1892



BUSINESS BRIEFS

The factory that generations of American breakfasters know best is soon to close: the Niagara Falls plant that's pictured on the Shredded Wheat box. National Biscuit Co. is consolidating operations in a new building.

All sailings of the new French liner *Flandre* have been canceled through November so machinery can be completely overhauled. Her sister ship's maiden voyage on Oct. 3 has been canceled pending remedy of similar faults.

Cortisone prices dropped 40% this week. Merck & Co., Inc. (Cortone), and Schering Corp. (Cortogen) led in the cuts, made possible by synthesizing processes and expansion of capacity (BW-Jun.14'52,p28). Merck said the price is now less than 10% of its initial cost three years ago.

Water-conscious Arizona (BW-Aug.16'52,p78) asked the Supreme Court to settle once and for all how much Colorado River water Arizona and California can draw.

Iron ore carrydown on Great Lakes ships last week hit a record 3,280,094 tons, breaking a record that had stood since the week ended Aug. 23, 1943.

Chrysler is field-testing an air conditioning system for automobiles. General Motors has already announced air conditioners as optional equipment on 1953 Oldsmobiles and Cadillacs (BW-Jul.19'52,p32).

The Memphis plan of free transit rides for evening shoppers (BW-Apr.26'52,p82) is spreading. In Minneapolis and Wichita, transit lines started hauling riders free to the downtown shopping district on Thursdays between 7 and 9 p.m. . . Boston is trying to work out a way of rebating fares on Saturday mornings to customers of downtown department stores.

Ford Foundation gained \$200-million of assets—on paper—when appraisers of Clara Bryant Ford's estate priced her Ford Motor Co. class A stock at \$200 a share. The foundation's more than 3-million shares had previously been valued at \$135 a share.

President Truman's turndown of a higher tariff on Swiss watches (page 31) saves Maryland tobacco farmers from retaliation. Switzerland buys one-sixth of Maryland's 33-million lb. to 40-million lb. tobacco crop, and one-third of its cash value.

Carpenter
Application Engineering Service



EARMARKED

**...for the plant that wants immediate help
to bring down unit costs**



News about nuts and bolts

Oftimes, there's a mighty interesting story behind even the most "common" product. Take nuts and bolts, for example. Not too long ago many types of stainless fasteners couldn't be made commercially because all chrome-nickel stainless steels work-hardened too rapidly. Then A•E•Service was called in. Result: Carpenter Stainless No. 10 ... providing a slow enough rate of work-hardening to make possible economical output of even the most difficult stainless fasteners. Ask for complete data.

Here's a challenging idea in applying specialty steels to lower unit costs through easier fabrication and longer product life.

Carpenter Application Engineering Service works like this: It starts with the belief that steel performance on almost every application can be improved, provided somebody applies enough imagination and skill to the problem.

That's why, when you open the door to A•E•Service, the Carpenter man digs deeper for facts on each job ... studies previous

records ... "lives" with your application until production is raised and unit costs lowered.

And in the process A•E•Service brings to your planning group the fresh, new thinking of mill laboratory specialists and field engineers. This is the team responsible for many metallurgical "firsts" that have enabled Carpenter customers to profit from almost unheard-of, cost-saving methods. This is A•E•Service. It's yours at no extra cost when you call Carpenter.

Carpenter



Application Engineering Service

keeps you ahead of competition

THE CARPENTER STEEL COMPANY • READING, PA.
Pioneers in improved Tool, Alloy and Stainless Steels through continuing research

MARKETING



IN NEWSPAPER ADS and . . .

IN STORE DISPLAY SIGNS, like this one at Bloomingdale's in New York City . . .

Furniture Selling Shifts to Brand Names

The past five years have brought a big change. One important reason: growth of modern styles.

The trademark in the newspaper ad above and the plaque on the department store wall are signs of the times. They tell the customer who made the furniture the store would like to sell. Furniture has joined the great American game of selling by brand name.

• **Five Big Years**—Brand selling in the furniture business is no overnight development. Such companies as Pullman and Karpen pioneered it decades ago. Krochler Mfg. Co., today the No. 1 furniture maker (excluding such bedding manufacturers as Simmons and Englander), started to advertise back in 1914. But the big push has come in the last 10 years, the biggest growth of all in the last five years. And it seems likely that the trend will eventually bring about some shifts in furniture marketing.

It's significant that brand selling crops up in all price lines—from Krochler, in the mass-market level, clear up through the quality lines such as Baker Furniture, Inc., and Widdicomb Furniture Co.

• **Far to Go**—When you look at the whole furniture industry, however, you see that brand selling is still just a child.

Mengel Co., in Louisville, doubts

that one company out of three does any consumer advertising. According to Leading National Advertisers, only 18 furniture makers—out of a total of some 3,500—spent more than \$100,000 to advertise in consumer publications in 1951. For these 18, the grand total came to \$8.7-million.

Even this, however, was twice the number of firms that spent over \$100,000 in 1947, and twice the dollar amount of advertising.

• **Small Businesses**—The inevitable question arises: Why don't more companies advertise?

The 3,500 figure itself is a pretty good answer, one that tells a lot about the structure of the furniture industry. For the most part, it's an industry of small manufacturers (BW—Aug. 2, '52, p. 44). The great bulk (60%) of furniture and bedding shipments in 1949 came from companies that shipped less than \$200,000 worth. On that kind of budget there's not much room for advertising money.

It's an industry that grew up in scattered areas, wherever the manufacturers could find the right kind of wood. Furniture is cumbersome and expensive to ship long distances, so the markets tended to be local, too. To go far

afeld, a manufacturer either had to put up branch factories or have a name that dealers were willing to pay for.

And at the start, the retailer viewed any brand name with acute suspicion. The manufacturer 20 years ago could, and often did, put his label on his product. But he could be pretty sure that the retailer would industriously scratch it out, since the merchant wanted the product to be identified with his store, and not with the manufacturer.

• **Brand Lure**—Nevertheless, the lure of national markets was strong. Some furniture makers, watching what food, tobacco, automobile, and other industries were doing with brands, decided they had been missing too good a bet. Hauling costs were coming down as trucks began to come into wider use. Finally, some companies began to realize they could develop a name if they could develop an individuality of product beyond anything the furniture business had known before.

Thus, says Frank Van Steenberg, vice-president of Baker, his company decided to quit "making furniture all over the lot." It would concentrate on certain lines, especially 18th century traditional, and make a name in that category.

The advent of modern furniture, too, gave individuality a big boost. Here the opportunities for creating something



what's the bright idea?

Take a million tiny glass beads, mix well with traffic paint . . . result: brighter highway guide-lines of greatly increased night visibility that wear better and last longer. But that's only one of the many applications of glass contributing to your driving safety. There are sealed-beam headlights, shatterproof-glass windows, glare-reducing windshields, and glass-reflector signs that caution you at danger points.

One of America's earliest producers of chemicals used in the manufacture of glass,

Mathieson has been closely associated with the industry for 60 years. Today, from a wide variety of chemicals serving many vital industries, Mathieson supplies glass manufacturers with such essential raw materials as soda ash and nitrate of soda.

A reliable source of chemicals is always important. If your production requires basic organic or inorganic chemicals, you may be able to buy to better advantage by consulting with us now.

Mathieson
CHEMICALS

MATHIESON CHEMICAL CORPORATION • BALTIMORE 3, MARYLAND



the toolhouse of management

Guards profits

Protects capital investments

Improves employee and public relations

Your costly investments in equipment, methods and labor cannot produce the profits desired if men and machines are hampered by dust.

Management men who are concerned over shrinking profits have found the Dustube Collector is a "toolhouse" that makes all other tools more efficient. It removes the shackles from production and enables men and machines to produce at top efficiency. Equipment maintenance is reduced. Employee and public relations are improved. And very often, sizeable profits can be salvaged from the materials recovered.

The Dustube increases profits because its simplicity of design reduces the high operating and maintenance costs often encountered with other methods. It traps dust with virtually 100% efficiency, and collected material can be reprocessed without further operations.

Make Dustube your "toolhouse" and save money as these firms have:



Send today for this new Brochure: "Industry Relies on Dustube For Efficient Dust and Fume Control"

Socony Paint Products Co.—"The Dustube has made our operations so much healthier and cleaner that it is indispensable from the standpoint of improved working conditions."

Worthington Pump Co.—"Our Dustubes are the best investment we have ever made. Their efficiency and cost-saving performance return direct cash savings which will pay us a profit for many years to come."

The Oliver Corporation—"Dustubes are the most trouble-free units in our whole plant."

American
WHEELABRATOR & EQUIPMENT CORP.
461 S. Byrkit St., Mishawaka Ind.



"... which name gets the play: the manufacturer's or the designer's? ..."

FURNITURE SELLING starts on p. 38

new and different are almost boundless.

• **Modern by Name**—Since World War II, the buying public has encouraged the trend to modern. A lot of new, young homemakers have come into the market with a lot of new homemaking ideas. They have small incomes, live in small homes or apartments.

Manufacturers and individual designers began to create new styles for this market. The customers responded by asking for furniture by a name—either the company's name or the designer's.

• **Which Name?**—There are two schools of thought as to which name is more important. Manufacturers generally play up the company name: Drexel, Baker, Imperial, Daystrom, Kindel, Kroehler, Sligh, to mention a few. They argue that the designer comes and goes, but the company presumably stays. Other companies believe firmly that the designer's name is an important selling factor, and they stress it accordingly.

The amount of stress the designer gets seems to rise in direct proportion to the stress on contemporary design. Thus Herman Miller, which threw out traditional furniture in 1935, tags its products with the names of George Nelson or Charles Eames. Widdicomb, which stopped making traditional in 1939, puts the name of T. H. Robsjohn-Gibbings on every piece it makes.

On the other hand, Baker, which figures 75% of its output is traditional, sticks to the Baker name—though its modern designer, Finn Juhl, gets plenty of editorial notice. Similarly Kindel, which makes no contemporary, sticks to the Kindel name.

At the other extreme, contemporary furniture designed by Paul McCobb carries his name only.

If the trend to modern holds up, as seems likely, the designer is likely to come in for more promotion. Only in the last year or two, Imperial changed its thinking on this score and has begun to feature its modern designer, Warner Cleveland. Mengel last June signed up Raymond Loewy to design its products, plans to promote the Loewy name this fall.

• **More Ad Outlay**—Advertising is the most obvious gauge of a company's interest in brand promotion. Publishers Information Bureau figures indicate that none of the furniture makers comes up to \$1-million or \$1.5-million that Simmons Co., the bedmaker, spends each

America's Most Watertight Buildings are Mirrored Here!



New S-X with exclusive Silicone combination containing Hycon hailed the top water repellent in the country... the most widely used and accepted for all masonry!



Invisible Raincoat—Completely invisible S-X makes exterior masonry lastingly water repellent even under the most rigorous climatic conditions! Regardless of temperature, climate or season, just one application of S-X makes masonry immediately water repellent!

Stops Hurricane Rains—Walls of one masonry block building leaked during heavy rains. After S-X was applied, there was a two day downpour with winds over 100 mph. The building stayed bone dry inside!

Repels Water for Years—S-X was tested on 21 types of masonry. Today, after the equivalent of over 10 years exposure to weather, the masonry still looks the same—and still repels water!

Revolutionary Principle—Insures clean appearance of your

buildings by shedding dirt and grime as well! Not just a surface film. S-X penetrates deeply, makes the masonry itself water repellent.

Controls Efflorescence—Ideal for masonry of new buildings, for appearance—and lasting weather tightness. Controls those unsightly white deposits. Practical in price, too.

Sonneborn Research—For almost a half century, Sonneborn research has worked hand in hand with Architects, Builders and Waterproofing Contractors everywhere. This unique background of practical research coupled with continuous original research resulted in the presentation of S-X as the top water repellent technology has ever developed! Its universal acceptance and demand lends further proof to Sonneborn's undisputed leadership in the entire waterproofing field!

FREE

Everyone concerned with masonry construction should know the facts on S-X. Write on your letterhead for a generous sample and literature now!

SEE OUR CATALOGS IN SWEET'S

Architectural . . . 880
Engineering . . . 4680
Mechanical . . . 4180
Process 4680

Product of **Sonneborn** RESEARCH

Building Products Division: L. SONNEBORN SONS, INC., 80 Eighth Avenue, New York 11, N. Y.

MAKERS OF LAPIDOLITH CONCRETE HARDENER • SURE RUST PREVENTION PAINT • HYDROCID WATERPROOFINGS

BALERAP. LOW-COST

PROTECTION...in storage or en route



BALERAP,
trade name for a patented MEAD Board product, meaning "a stout, efficient, economical wrap for baled textiles."

BALERAP is kraft-lined chestnut board creased to the dimensions of the bale it is to wrap. It is edged with a burlap strip to which burlap end pieces may be sewed, completing the protection of the bale.

Here are some of the great advantages of BALERAP: Shortens baling time, saving both power and labor; provides stout protection from outside damage of any kind; is water-resistant; provides excellent surface for stenciling trademark, other data; makes a neat, tight package; creates a good impression. If you are not yet acquainted with this patented Mead product designed to give full protection at low cost, send for free samples and more details.

NOTE TO FABRICATORS

Mead Board Sales, Inc., makes no boxes or cartons, but supplies MEAD Chestnut Board for fabrication into a great variety of finished products. It is made from a mixture of chestnut and other hardwood fibers that produces board of unmatched strength, rigidity and hardness. Though most of the output is laminated in various plies, it can be had in combination with other materials, upon specification, to meet special needs. Your inquiry is invited.

Mead Board is sold direct by

MEAD BOARD SALES, INC.

3347 Madison Road, Cincinnati 9, Ohio

NEWARK 2, N.J.
786 Broad Street

CHICAGO 4, ILL.
205 W. Wacker Drive

LYNCHBURG, VA.

OTHER MEAD BOARD PRODUCTS



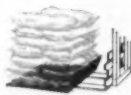
CAR DOOR CLOSURES

Large sheets of heavy caliber (.175) chestnut board cut to fit freight car doors.



CLOTH WINDING BOARD

Very light, strong chestnut board on which finished textiles are wound for retail sale. Keeps shipping weight to minimum.



POKE-PAK®

A scuff-resistant chestnut board with upturned front edge that allows lift-truck forks to get under load. Expensible, it eliminates need for wood pallets in many cases.



MEAD
board

"...but now more and more retailers are picking up the ball..."

FURNITURE SELLING starts on p. 38

year. Many furniture companies spend less than \$5,000 a year on advertising. But among those that advertise, the trend is up.

Kroehler just about tripled its general magazine advertising budget from 1945 to 1951, spending \$434,000 last year. It has increased its budget every year except for the two war periods.

Mengel, which started to advertise nationally in 1946 (BW-Jun. 1'46,p65), says that from then through 1951 it spent a total of \$1.7-million on consumer advertising. Drexel multiplied its outlays to \$419,000 last year, has already spent about \$300,000 this year to promote a new line.

• **Where It Goes**—The shelter magazines get the lion's share of this outlay—House Beautiful, Better Homes & Gardens, House & Garden, American Home, Living, and the like.

Dealer aids also get a lot of attention from manufacturers. Daystrom, Drexel, Mengel, Sligh all supply newspaper mat services, sales kits, counter displays, and similar attention-getters. Designer McCobb advertises only to the trade himself, but he writes ads for stores to use, even puts McCobb salesmen into the stores to help sell.

By now it has reached the point where more and more retailers are picking up the ball. Carl Fowler, director of sales at Widdicomb, says, for example, that he doesn't believe Widdicomb has an outlet that doesn't promote the Widdicomb name.

• **Attitude of Stores**—Some of the leading department and specialty stores advertise their furniture brands. Many of them, though, feel less need for this. They declare that the store's name meant something to the customer long before the manufacturer was heard of. Besides, one such retailer feels, a store doesn't get enough better treatment from a supplier to warrant pushing his wares.

The smaller stores, however, go for the manufacturer's promotion wholeheartedly. They welcome a chance to have a name to advertise. They like the sales aids, and they particularly like what the manufacturers' national advertising does to their local sales.

• **Trend?**—Has the brand name emphasis, then, shifted the channels of distribution? The answer seems to be: a little, not very much. It has made manufacturers careful in picking their outlets—but most of the top-quality companies have always been choosy.

"Selling our furniture is like selling

a few words about alloy steels...



and where you can use Boron Steels, we can help you

● If your production is suffering because of defense allocations and shortages of the alloy steels you've been accustomed to use, suggest to your production heads and metallurgists that they consider shifting to Republic alternate alloys or *boron* type alloys.

Alloy steels made with boron are not new—and, best of all, because there are no restrictions on boron, they are readily available. Republic has been producing boron steels commercially for more than 10 years...in that time has made more tons of boron steels for constructional purposes than any other alloy producer. Which means that we have solved more problems of shifting to boron alloys, have assembled more knowledge about the boron grades than any other producer.

Our 3-Dimension Metallurgical Service can work with your metallurgists and production men to switch your products to alternate alloys or boron

steels quickly and with the fewest headaches. A Republic Field Metallurgist analyzes your products and present production set-up right in your plant. Then he goes over your case with the other two members of the 3-Dimension team... the Republic Mill and Laboratory Metallurgists.

The result? If the parts you are now making from alloy steels are more adaptable to *boron steels*, expert answers and recommendations will speed you into boron-grade production promptly.

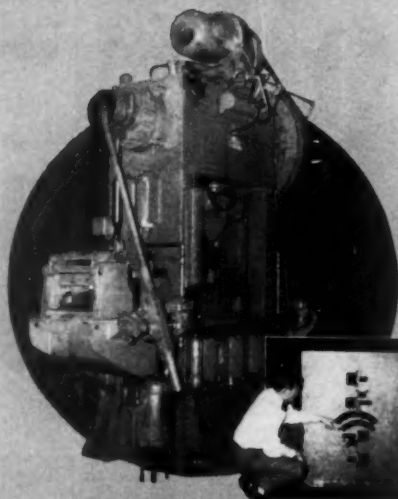
Boron steels aren't always the answer, may not solve every problem—your Republic Field Metallurgist will give you honest advice, backed by Republic 3-Dimension Metallurgical Service.

REPUBLIC STEEL CORPORATION

Alloy Steel Division • Massillon, Ohio
GENERAL OFFICES • CLEVELAND 1, OHIO
Export Department: Chrysler Building, New York 17, N. Y.



Other Republic Products include Carbon and Stainless Steels—Sheets, Strip, Plates, Pipe, Bars, Wire, Pig Iron, Bolts and Nuts, Tubing



Template shows sizes and shapes of laminations produced in this operation

LOGICAL CHOICE

This Clearing press in the new multi-million dollar "dream plant" of Lincoln Electric Company at Cleveland is producing laminations at 150 strokes per minute, with automatic feed and scrap cutting. Perhaps no manufacturer is better known than Lincoln Electric for its unremitting attention to costs, coupled with a famed incentive system that gives its workers an average yearly wage exceeding \$7,000. Only the most efficient equipment can win a place in such a plant. It's no coincidence that Clearing presses are commonly found in plants that are setting new standards for industry. Clearing presses have been setting new standards on their own—new conceptions of speed, of accuracy, of die life. It will pay you to check with Clearing engineers for a forward-looking answer to your press problems.

CLEARING MACHINE CORPORATION

6499 WEST 65TH STREET • CHICAGO 38, ILLINOIS
HAMILTON DIVISION, HAMILTON, OHIO

CLEARING PRESSES

THE WAY TO EFFICIENT MASS PRODUCTION

a Lilly Dache hat," says Van Steenberg, "We have to have the right outlets."

There are signs, however, of a small but definite movement to the smaller stores. Thus, Mengel started its branded goods in large stores to gain recognition. Today perhaps 60% of its business is done with medium-sized and small-sized stores.

• **Pros and Cons**—This is partly the natural result of needing new outlets. But several manufacturers feel that a good small dealer does a better job than an uninterested large one, in the main. That goes especially for extreme modern designs, which need special sales knowhow. What's more, the big-store buyer tends to buy on price, just as the store salesman tends to sell on price.

At least one big New York retailer disagrees. It feels that the big store is willing to invest in advertising, and it has the traffic that furniture specialty stores don't get. Kroehler also finds that department stores handle more branded merchandise than they formerly did.

Though some small dealers still complain that they can't get the branded merchandise, the general trend among manufacturers is to add dealerships, rather than subtract them.

"We have to have more dealers," says one official, "because we're going into smaller ones." Kindel cut its dealerships down to one-third when it first started to advertise nationally; last year it increased the total to get better distribution.

• **Franchises**—Even with brand names, most companies do not work on strict franchises. Many of them, however, have a gentlemen's agreement with their dealers that amounts to the same thing. Drexel does franchise its dealers, but, because it makes a lot of lines, it can give an exclusive on one line to one retailer, on another line to another retailer.

Kindel is one of the few in the industry that has a working franchise setup. Its goods are fair-traded (also unusual in this business) in places where it doesn't have franchises. Kindel feels that the dealer who is willing to spend money to advertise its furniture is entitled to this protection.

Manufacturers think that eventually the growth of brand names will force the retailer to go to fewer suppliers. "The dealer, as well as the manufacturer, will have to be more selective," one spokesman explains. When that day comes, chances are the dealer will pick the advertised lines.

One thing is sure. Manufacturers who have tried brand names will stay with them. An example: Mengel for years made furniture for other concerns to sell. Since last January, it has made Mengel furniture only.



"Putting the Bite"

on a new Plant Site

... is often the first construction move on a turnkey job by Chemical Plants Division. Your project pays off in profits sooner when Chemical Plants Division handles it from plans to production. This start-to-finish supervision includes the services of engineers expert in equipment procurement, construction, and operations. A turnkey contract with Chemical Plants Division assures you over-all coordination and undivided responsibility on your job ... both calculated to expedite completion of the project and achieve early payout. Whether your future construction plans involve several thousand or several million dollars, we'd be glad to discuss them with you.

BLAW-KNOX CONSTRUCTION COMPANY **CHEMICAL PLANTS DIVISION**

930 DUQUESNE WAY, PITTSBURGH 22, PA.

Texas 1, New York 17, Philadelphia 3, Chicago 1, Birmingham 2, Washington 5, D. C., San Francisco 5





SPONSOR of a Little League team, like this sporting goods dealer, pays the league about \$250 the first year, gets (1) public goodwill, and (2) a lot of fun.



Their man's out at first . . .



Little League

One Sunday afternoon in the summer of 1939, a businessman named Carl Stotz was tossing a baseball around in his back yard at Williamsport, Pa., with two nephews. While thus occupied, he had an idea: Why not organize the neighborhood kids into a



My batter's hit . . .



They made a homer . . .



We knocked him off mound



Ball Draws Kids and Sponsors Alike

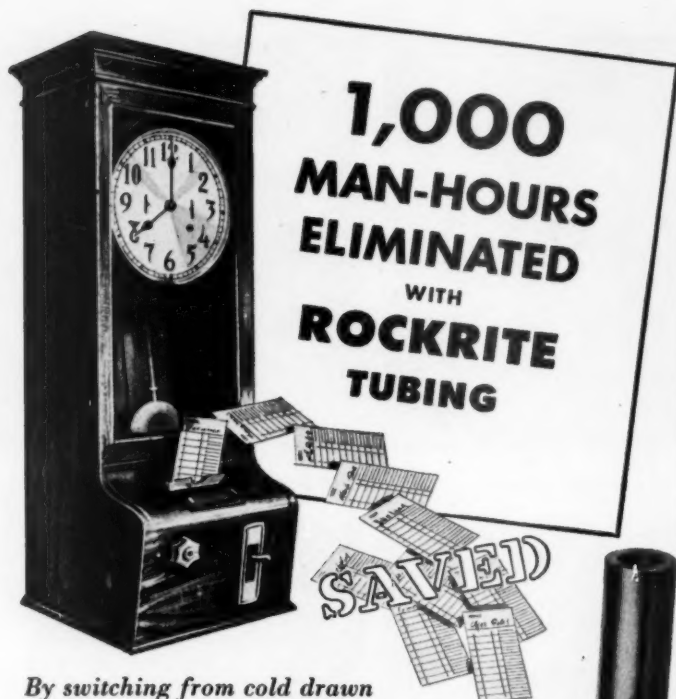
full-fledged league—uniforms, umpires, and all?

Stotz buttonholed some neighbors, rounded up a few business outfits as sponsors. They bought uniforms at a chain store, fixed up a playing field, organized the kids into three teams, and

started them playing. That—though nobody knew it at the time—was the beginning of Little League baseball.

This week, as the 7th Little League World Series opens in Williamsport, Stotz's setup looks altogether different. It's now backed nationally by U.S.

Rubber Co. and locally by almost as many sponsors as there are teams. The organization has 1,788 leagues and 7,562 teams. It covers 44 states, Canada, the Canal Zone, Hawaii, Puerto Rico, Cuba, and Alaska. Little Leagues played 7,000 games a week last year over a



By switching from cold drawn tube stock to accurately sized Rockrite Tubing, one manufacturer saved 1000 man-hours per year... reduced machining of parts by 65%.

THE REASON? All boring and reaming operations were eliminated. Only simple honing and cut-off were needed to produce finished parts from compression-formed, precision Rockrite Tubing.

Yes, there's an "efficiency expert" built right into Rockrite Tubing because it is sized to closer tolerances by a distinctively different process. In ring-shaped and cylindrical parts, for example, you get 50% more finished parts per pound, double the output of parts from automatic screw machines, lower total cost per part.

Write for Bulletin R2. It tells why you can bank on Rockrite Tubing to make important production economies.



TUBE REDUCING CORPORATION • WALLINGTON, NEW JERSEY

"... between 20% and 25% of the sponsors are business outfits..."

LITTLE LEAGUE starts on p. 46

10-week season. With an average of 300 spectators at each game, season attendance is estimated at roughly 20-million. (Major league attendance last year was 16-million.) Teams are sponsored by such big-time outfits as Monsanto Chemical Co., General Electric Co., Timken Roller Bearing Co.

• **The Setup**—The Little League organization is on a basis of local, rather than central, control. The central office at Williamsport (Little League Baseball, Inc.—a few full-time officials and helpers headed by Stotz as commissioner) acts more as a watchdog than as a management group. Independent local committees set up their own leagues, run their own games, arrange their own financing. Their reports to the central office are kept at a minimum. The rules they are governed by are relatively few and easy-going.

In brief, here's how the setup works: Citizens of Podunk decide they'd like to organize their kids into a Little League. They set off part of the high school playground as a ball park, talk some local merchants and a nearby industrial plant into putting up money for equipment and other expenses. They round up enough kids for a league (preferably four teams), arrange for coaches, managers, umpires, publicity agents, and the like.

Then, when their league is ready to roll, they apply to Williamsport for a franchise. If Williamsport likes the local details—the financing arrangements, the type of sponsor, the playing field—Podunk gets its franchise. The league goes ahead with its game schedule. If one of its teams is good enough, it may get to play in a state or area tournament, or in the Little League World Series at Williamsport.

• **Sponsors**—The usual practice is for a local committee to get one sponsor for each team in its league. These sponsors can be city departments (fire, police, and the like), fraternal groups such as the Elks or Knights of Columbus, newspapers, labor unions, or business concerns. Between 20% and 25% of the sponsors now tied up with the Little League are business outfits—ranging in size from local merchants to nationally known manufacturers.

Williamsport recommends that local committees make a sponsor pay \$250 during the first year of his sponsorship, less in the following years. In return, the sponsor is allowed to put his company name on the team uniform. This gets him the goodwill of the boys, the

HOW A PLANT AWAITING NEW MACHINERY USES SUNTAC TO MAINTAIN EFFICIENCY



NO MORE MANUFACTURING DELAYS. The manufacturer of these bearings uses heavy-duty presses to blank out parts. The problem of press bearing failures due to inadequate oil has been eliminated by changing to Suntac.



CLEAN FLOOR, CLEAN MACHINE. Adhesiveness prevents Suntac Oil from squeezing out of the bearings. Before Suntac was used, floors had to be cleaned constantly to keep them from becoming slippery and dangerous.

A large ball-bearing manufacturer is using old heavy-duty presses for which replacements have long been on order. In the past, these presses frequently had to be shut down because of overheated bearings. The average life of bearings was only eight months, because the oil in use would not *stay in*, and each failure took the press out of production for a month or more. Many different oils were tried in an effort to remedy the situation. But none proved adequate for the job, and it was becoming increasingly difficult to maintain production schedules.

Finally the company called in a Sun representative for consultation and changed to a Suntac Oil at his suggestion. The adhesiveness of Suntac has prevented its squeezing out and has kept the bearings running cool. The presses have operated without a bearing failure ever since the adoption of this "Job Proved" lubricant.

Having trouble keeping old equipment *on the job* while waiting for new? If so, send in this coupon.

SUN OIL COMPANY, Dept. BW-8, Philadelphia 3, Pa.

We are having bearing failures possibly caused by faulty lubrication.

- ☐ Please have a Sun representative call.
- ☐ Send me your booklet "Suntac Oil Case Histories."
- ☐ Send me your technical bulletin "Lubrication of Industrial Machinery."

Name _____

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Street _____

City _____ Zone _____ State _____

TECHNICAL ASSISTANCE AVAILABLE. Sun's engineers are at your service for consultation on lubrication matters. It will pay you to utilize the broad experience they have gained in solving a wide variety of problems in many different industries.

SUN INDUSTRIAL PRODUCTS

SUN OIL COMPANY, PHILADELPHIA 3, PA. • SUN OIL COMPANY, LTD., TORONTO AND MONTREAL





Every day is washday here

AT ONE OF THE LAST stops in production, Federal Ball Bearings are scrubbed cleaner than a boy's face on Sunday morning.

And to reach this stage, the bearings have had to pass countless exacting tests.

But, come "washday," they are first placed in a specially-designed washer. Swirling suds wash away grit and dust. Next stop is to blow the bearing clean by liquid pressure. Then, they're washed again—several times if needed. Only spotlessly-clean bearings move on for protective lubrication and packaging. And, of course, this is just one of the many reasons why you can be sure of top-notch performance from every Federal Ball Bearing.

THE FEDERAL BEARINGS CO., INC.

Poughkeepsie, New York



Federal BALL BEARINGS
One of America's Leading Ball Bearing Manufacturers

"... officials predict there will be over 20,000 teams in a few years ..."

LITTLE LEAGUE starts on p. 46

boys' parents, and sundry civic-minded spectators. If his team makes the world series, he gets national advertising.

• **Big Backer**—In addition to the local sponsors, there is one big national sponsor—U. S. Rubber Co. This company puts out about \$100,000 a year for the Little League operation. The money pays for transporting, housing, and feeding the eight teams that come to Williamsport every year for the world series; it also takes care of the salaries of Stotz and his fellow officials, and various other expenses of the central office.

U. S. Rubber's backing has given the Little Leagues a tremendous boost. In 1946, there were only 48 teams in the entire setup—all of them in Pennsylvania. The following year, Stotz went to U. S. Rubber, asked for money to finance a world series. Charles J. Durban, assistant advertising manager, saw the promotional possibilities in Stotz's idea and handed him \$5,000.

From then on, Little League baseball grew by leaps and bounds. Starting with 1947, the number of teams each year jumped like this: 60; 416; 867; 1,327; 3,333; 7,562. Little League officials predict that in a few years there will be over 20,000 teams (5,000 leagues) in the U. S.

• **Rulebook**—Though U. S. Rubber has a seat on the Williamsport board of directors, it exercises no control over Little League operations. That's partly because of a steadfast rule in the central constitution—a rule banning over-commercialization.

Naturally, Stotz figures a company ought to get something in return for the money it hands over to a team. "There is no objection," the rules say, "to naming a team after the business of a sponsor." In a case where an entire league has been sponsored by one outfit, there's no objection to naming that league after the sponsor—though "we would prefer that the league be called 'the Homeville West End Little League' or some similar title."

Right there is where Stotz thinks commercialization should stop. "We would consider it to be exploitation," the rules go on, "if this Homeville Little League had four teams known as the Smith's Dept. Store Yankees, the Smith's Dept. Store Red Sox, the Smith's Dept. Store Tigers, and the Smith's Dept. Store Indians. . . . Action of this kind would establish rather conclusively that something other than interest in youth had influenced the sponsor."

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and we give them extra special care**

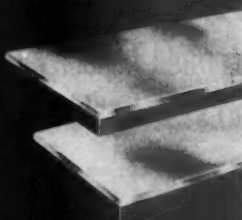
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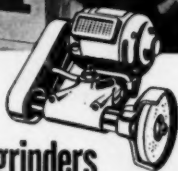
THE COLORADO FUEL AND IRON CORPORATION—Denver, Colorado
THE CALIFORNIA WIRE CLOTH CORPORATION—Oakland, California
WICKWIRE SPENCER STEEL DIVISION—Atlanta • Boston • Buffalo
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PRODUCTS OF WICKWIRE SPENCER STEEL DIVISION
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DUMORE tools
can do more!



Portable grinders add capacity to your present machine tools

IF YOU are cost minded — and who isn't these days — you'll want this remarkable Dumore Tool Post Grinder. You can mount it on any standard machine tool, such as a turret lathe... and machine and finish grind the piece without changing setup — or switching the job to another machine. And — you can grind to .0001" accuracy.

Think of the potential it offers for reducing labor and handling costs... increasing machine capacity... improving the quality of your product!

Dumore Tool Post Grinders often pay for themselves on the first job... and keep right on working and saving through years of trouble-free service.

Your industrial distributor will gladly demonstrate the quality line of Dumore precision Tool Post Grinders. See him today, or write the Dumore Company.



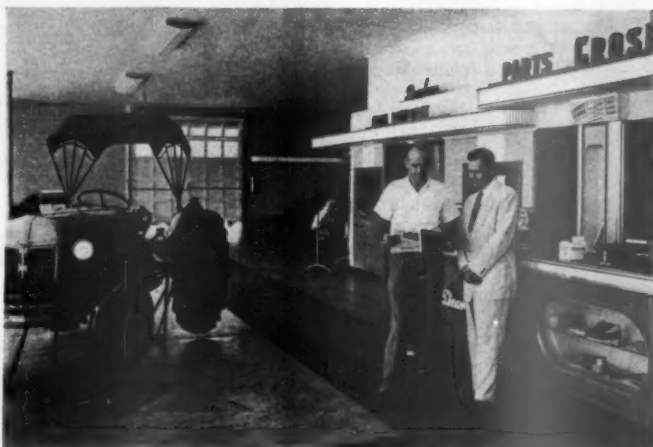
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1331 Seventeenth St.
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Tool Post Grinders • Flexible
Shaft Tools • Hand Grinders •
High-Speed Drilling Equipment



Slick Shops Mark New Era...



... In Farm Implement Field

In the past decade, the farm implement business, a one-time hayseed has grown to a very slick chick.

The swank shop above belongs to Crose & Curran, dealers for Dearborn Motors Co. The \$285,000 dealership opened—with appropriate three-day festivities—in Tulsa, Okla., last week. It's typical of the kind of store that is springing up under the aegis of all the big companies.

• **Panzer Farm**—The Census of Business shows graphically what farm mechanization has done to this business:

• The number of farm equipment dealers grew nearly 68% between 1939 and 1948—from 10,500 to 17,615. That's one of the biggest percentage

gains the census shows. In contrast, the number of stores in all kinds of retailing declined very slightly.

• **Retail sales of farm equipment** have grown much faster. They increased from \$44-million to \$2-billion in the same period—593%. That's way ahead of the mere 211% gain in total retail sales.

• **As a result, average dealer sales** shot up from roughly \$32,000 a year to about \$135,000.

Since 1948 the trend has still been up. Government figures for 1951 aren't yet available, but estimates are that last year dealers sold a total of \$2.7-billion.

• **Durable Setup**—You might expect that the old horse-and-buggy distribu-

There's more to the
Sharon 430 Stainless
Steel Story than
you might think!

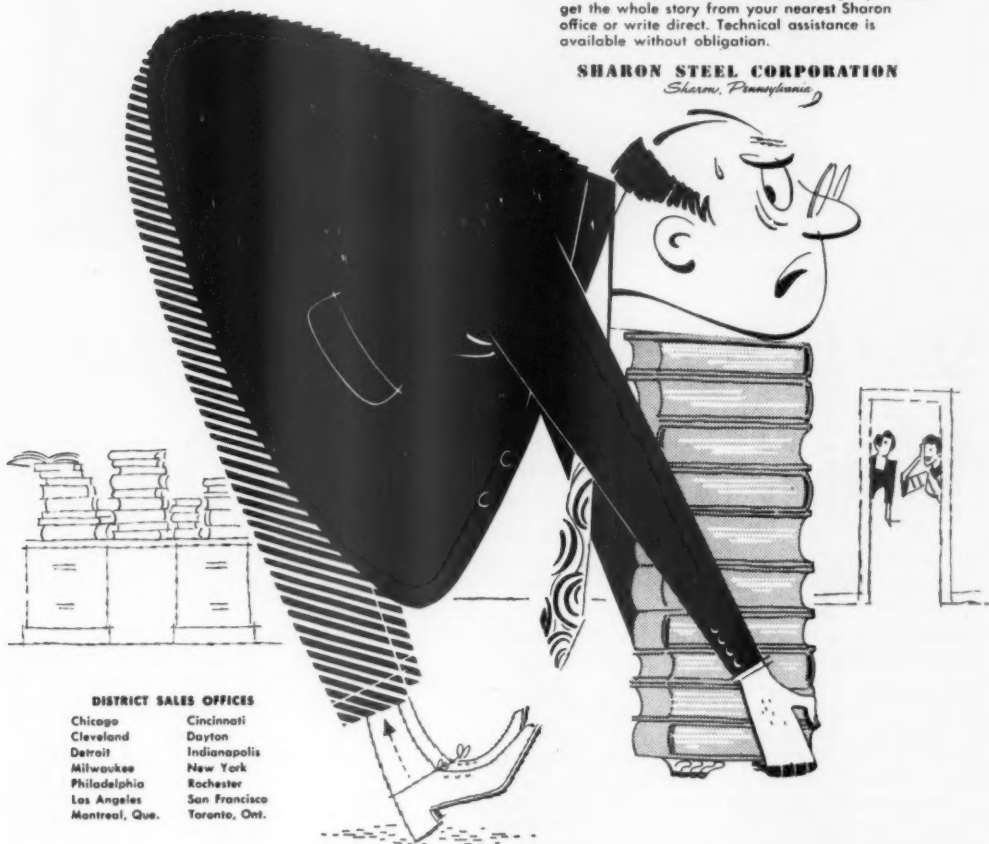
Sharon '430' is not a newcomer to the stainless family — quite the reverse. It is the granddaddy of successful stainless types. It antedates the chromium-nickel stainless steels by many years. It is a thoroughly tested steel with volumes of successful applications.

Automobile manufacturers have long used this material for complicated beading and trim where both the fabrication and end use have put it to critical tests. Hospital equipment, appliances, utensils, jewelry, hardware have all been made from Sharon '430' successfully. Absorption towers, used in the manufacture of nitric acid, built of '430' more than a quarter century ago, are still in everyday service.

Sharon '430' Stainless is available today with few restrictions as to end use. If you are in the market for a metal with above average qualities, get the whole story from your nearest Sharon office or write direct. Technical assistance is available without obligation.

SHARON STEEL CORPORATION

Sharon, Pennsylvania



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Sharon 430 stainless steel



SHARONSTEEL



Steel tanks? No... **PLASTIC** because they outlast steel **10 to 50** times!

Battered by sandstorms, baked by desert sun, attacked by desert night dampness . . . steel fuel tanks on Arabian-American Oil Company trucks wore out fast. Replacement costs were terrific.

Aramco sought a better, longer-lasting material. Result: new tanks of Cyanamid's LAMINAC® Resin reinforced with Fiberglas mat.

Advantages: . . . the new LAMINAC tanks are really corrosion-resistant, outlast steel 10 to 50 times.

. . . LAMINAC's light weight permitted two 1000-gallon tanks weighing 1000 pounds each to replace one 2300-pound steel tank holding only 1500 gallons.

. . . repairs can be made quickly *on the spot* with LAMINAC-impregnated Fiberglas mat, contrasted with expensive draining, cleaning and welding required for steel tanks.

LAMINAC'S great strength, light weight, excellent electrical properties, molded-in color and resistance to water, heat and chemicals, have solved countless problems. It has been used successfully for aircraft parts, automobile bodies, translucent panels, fishing rods, skis, housings, helmets, fragment-proof vests and hundreds of other applications.

Perhaps LAMINAC is the material to answer your problem. We'll gladly help you find out.



In Canada: North American Cyanamid Limited, Royal Bank Building, Toronto, Ontario, Canada

We may be able to help you meet military specifications where plastics and resins are concerned. What's your problem?

tion setup of the industry would have cracked under this bulging load of new business. It hasn't. Distribution, for most companies, follows the same road it did 50 years ago. For the full-line companies, that road is from the manufacturer to the manufacturer's sales branch to the dealer to the consumer. Like the auto industry, which seems to have taken a tip from its farm equipment cousin, the major full-line companies bypass the independent wholesaler. The independents don't starve, though. They do a thriving business dealing with those companies that don't make a full line.

• **An Exception**—Dearborn Motors is an exception to the pattern. It sells Ford tractors and more than 100 other implements, channels them all through 32 independent distributors. These, in turn, have franchised 2,750 dealers in the U. S., Alaska, and Hawaii.

Dearborn, however, is a newcomer in the field. It was started in 1946 to market Ford tractors after Ford and Ferguson split up (BW—Nov. 23 '46, p17). By that time, International Harvester, J. I. Case, Deere, Oliver, Minneapolis-Moline, Allis-Chalmers, and others were already established giants. Dearborn figured it would use some innovations. Besides marketing Ford tractors, Dearborn also makes combines, corn pickers, corn harvesters, and grain drills at its own subsidiary plant, Wood Bros., Des Moines. It farms out production of other implements to plants that are independently owned but in which Dearborn has installed its own facilities. Some of its output also comes from completely independent plants that work to Dearborn's specifications.

Dearborn likes this setup because it can get local manufacturers to make implements needed in a particular area without the strain of long-distance distribution.

Having the Ford name to capitalize on eased Dearborn's entry into a well covered field. The farmer had known about the low-priced Fordson Tractor since 1917. He has also had more than a passing acquaintance with Ford cars and trucks. And Dearborn geared its other implements for use on Ford tractors.

• **Settling Down**—Meanwhile, as the business—and the competition—grew, manufacturers down the line have worked at strengthening their dealerships. The big rush of new dealers is past; for the last two years, the number has been pretty static. Allis-Chalmers has about the same number of dealers it had prewar. Dearborn has stayed about where it started. Minneapolis-Moline had about 2,000 dealers in 1940, has some 2,400 now. But it gained 300 of these by buying B. F. Avery Co. in Louisville about a year ago.

International Harvester has even

Since 1921, when SKF made the first spherical anti-friction railroad journal bearing, railroad men and SKF engineers have worked together to maintain faster, safer schedules while lowering the cost of car maintenance.

Do you know that SKF pioneered in showing railroad men the money-saving advantages of using grease instead of oil to lubricate anti-friction journals? Grease-lubricated cars go from wheel-turning to wheel-turning in perfect safety without attention to the journals.

Because of this engineering teamwork, you'll see the SKF trade mark throughout the world on more cars and locomotives than any other trade mark.

You can have this helpful teamwork in your industry simply by asking for it.

SKF INDUSTRIES, INC., PHILADELPHIA 32, PA.
—manufacturers of SKF and HESS-BRIGHT bearings.

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TOGETHER

they will obsolete
the oilcan





Benzoic Acid

Cupid's helper. Hooker Benzoic Acid helps perfume makers preserve the fragrance of their delicate but oh-so-potent wares. That's not all. Benzoic acid goes into antiseptics, cosmetics, drugs and dyes. It even helps cure tobacco!

Hooker Chemical

BUILDING BLOCKS
aren't for men only

Chlorine

Peach of a bleach—for shirts, textiles, paper—is made with Hooker Chlorine. This versatile "workhorse" chemical makes wash whiter, washdays brighter, dozens of home and industry jobs easier than they used to be.

MANUFACTURERS—Hooker supplies 30 different industries with chlorine, benzoic acid, caustic soda, and many other chemical "building blocks" from which better things are made. Hundreds of products are on the market today because Hooker found how to make needed "building blocks" quickly, in quantity. For facts on chlorine research and what it may mean to your industry, write today for the booklet "Story of Hooker Chemicals."



From the Salt of the Earth

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New York, N. Y. • Wilmington, Calif. • Tacoma, Wash.

CHLORINE • CAUSTIC SODA • PARADICHLOROBENZENE



pruned its dealerships in this quest for quality. Since 1940-1941 the No. 1 manufacturer of farm implements has cut its huge distribution setup for these products, from 7,600 to 5,500.

• **Big Deal**—I-H has some interesting reasons for this long-term decline.

First, a lot of today's farm equipment is big stuff. It takes real money to set up shop. One manufacturer estimates that it costs the average dealer twice as much money now as it did in 1939. Allis-Chalmers figures it would take \$15,000—without the buildings.

In the old days, too, a farm implement was a fairly simple device. If it broke down, the farmer could fix it up himself. He can't do it today. So the dealer has to provide the service, and he has to stock a sizable inventory of spare parts. And since the farmer has a car, he doesn't mind taking a jaunt to the big dealer.

As in the auto business, geographical limits for dealers aren't so rigid as they used to be. Dearborn's distributors franchise their dealers on a geographic basis, but I-H says it has no territorial assignments; a dealer can sell to any customer he can get. I-H, however, like most makers of big equipment, usually has one dealer to a town. Allis-Chalmers determines the concentration of dealers on the basis of farm production, number of farms in an area.

• **Suits Dropped**—For the full-line companies, at least, there's no exclusive dealing in any strict sense of the word. The antitrust case against Standard Oil of California (BW—Jun.18'49,p21) makes them wary of anything that looks like monopoly. Attempts by the government to pin monopoly charges on the farm implement field have failed. Only this spring the government dropped its suits against Harvester and Deere after it took a licking in a similar suit against J. I. Case. The government had tried to prove that Case forced its dealers to take a full line and to quit selling competitive lines; the suit was thrown out of court last September.

In practice, it's a rare dealer who handles more than one full-line company. But four out of five of those who handle at least one full line also carry products of short-line manufacturers to round out their merchandise.

More and more, they are putting up fancy showcases to display their merchandise. The streamlined dealership is evidence both of the increased competition and the increased business. As W. C. MacFarlane, president of Minneapolis-Moline put it, "The war wiped out the weak sisters. The fellow with horse sense, the guy with guts, and with enough good judgment to really service his customers is the guy who's in business today. And he's a whale of a lot stronger than before."



"The Unbrako screws did the trick!"

"We've got a more salable design now. It's smaller, more compact, weighs less. Looks good, too. It's just as strong as the original because the $\frac{3}{8}$ " Unbrakos have the same tensile strength as the $\frac{1}{2}$ " carbon steel screws. Here's another thing that will amaze you: this assembly costs less than our previous one."

One advantage of using UNBRAKO Socket Screws, of course, is the better design they make possible. Another—and this is one your cost accounting department will appreciate—is the savings they make possible.

It costs money to tap holes. You have to lay out, center punch, center drill, tap drill, body drill, counter-bore, tap the hole and insert the screw. You can't



UNBRAKO Socket Head Cap Screw

by-pass any of these operations, but you can tap fewer holes, and that's where UNBRAKO saves you money. Because of their superior strength, three UNBRAKO screws will do the job of five ordinary screws.

There are six thousand men selling UNBRAKO Socket Screws the country over. These men are familiar with fastener problems—and the solutions. You can get technical assistance merely by calling your favorite industrial distributor. Or write STANDARD PRESSED STEEL Co., Jenkintown 57, Pa.

SPS

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JENKINTOWN, PENNSYLVANIA

**GET MORE
PRODUCTIVE HOURS
WITHOUT ADDED
MANPOWER***



***with HYPRESSURE
Jenny
STEAM CLEANER**

One man, using HYPRESSURE JENNY, can do more cleaning in a single hour than 10 men can accomplish in the same time by outmoded hand cleaning methods.

JENNY cleans anything—anywhere—machinery . . . tools . . . walls . . . floors . . . skylights . . . trucks . . . tank cars . . . and processing equipment of every description, in factories, mills, food plants, garages, repair shops, and on the farm. JENNY hates grease, muck and dirt—cleans right "down-to-the-bone." Saves up to 40% of mechanics' time, usually lost fighting dirt and grease on repair work.

Keeping house with JENNY pays valuable dividends in stepped-up production, fewer lost-time accidents, lower fire insurance premiums and increased personnel efficiency.



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Weather-Controlled Home . . .



. . . Draws 2,500 House-Hunters

The already fast-moving trend toward building new homes with all-year air-conditioning has taken another step forward in New Orleans. House-hunters are getting their first look at a home especially tailored for weather-controlled living. More important perhaps, it is designed for mass-construction, for the average pocketbook.

• **Tailormade**—The model home, one of 500 to go up in New Orleans, was

the brainchild of Carrier Corp., air-conditioner maker. It was adapted by architect Rene Gelpi and built by Robert Morrow of London Homes, Inc., a local building concern formed by Morrow, Carrier, and Gelpi to present the new functional design.

The plan has construction advantages, says Carrier, that save enough to pay for two-thirds the cost of the conditioning equipment. It does away



Cut Shipping Costs—To replace other types of containers for shipping meat scraps, a number of meat packers switched to valve-type multi-wall bags with an inner coating of "Alathon." The bags hold 75 pounds of meat, are filled and weighed automatically. They cost less than half the price of old containers . . . eliminate return shipping costs . . . retain the natural color and flavor of meat.

How Paper Coated with DU PONT ALATHON* cut shipping costs . . .

increased production—reduced breakage

Packages made of paper coated with "Alathon" polythene resin profitably solved the tough packaging problems shown here. The outstanding properties of "Alathon" have made this possible.

Moisture resistance—Ideal for packaging materials that must be kept dry or those that must retain moisture.

Chemical inertness—Resistant to most greases, acids and alkalis at ordinary temperatures. Tasteless, odorless and nontoxic. Ideal for packaging most food and chemical products.

Flexibility at low temperatures—Even down to 70°F. below zero, "Alathon" is flexible.

Excellent heat seal—Coatings of "Alathon" heat-seal rapidly. Strong seal is maintained in most cases even when powdery contents "dust" into sealing area.

Economy—One pound of "Alathon" will cover 30,000 sq. in. of paper with a 1-mil coat, a thickness frequently used.

Superior blend for wax—"Alathon" wax blends produce far better coatings than wax alone. Coatings are stronger, scuff-resistant, stay hard and glossy in hot weather.

A wide variety of packages are made of paper coated with "Alathon": single-ply and multi-wall bags, pouch bags, chip-board containers and trays and over-wraps are a few examples. Whatever your packaging needs, we'll gladly work with you and put you in touch with sources of supply.



Increased Production—A producer of chocolate-covered ice cream products on a stick had trouble getting a good heat seal with his wrappers . . . even worse, the material became brittle at low temperatures during the packaging operation and would break, causing costly shutdowns. His new wrapper, coated on the inside with "Alathon," is quickly heat-sealed and stays flexible at wrapping temperatures. Result: production is increased about 15% . . . and he has no shutdowns due to breakage.



Reduced Breakage—Conventional packaging materials were unsatisfactory for peat moss and humus. They failed because they were destroyed by moisture and micro-organisms in the product. New multi-wall bags lined with "Alathon" solved the problem. Moisture was kept in, air was kept out, the micro-organisms did not affect it. The bag does not weaken from moisture, and what's more, drop-breakage tests show that it is far stronger than any other lined bag tested.

*REG. U. S. PAT. OFF.



REG. U. S. PAT. OFF.
Better Things for Better Living
... through Chemistry

Polychemicals

DEPARTMENT

CHEMICALS • PLASTICS

**SEND FOR
NEW BOOKLET**

Gives additional facts and details showing advantages of using paper coated with "Alathon" for many kinds of packages. Please check or show the industry in which you are interested.



- | | | |
|--|--|--------------------------------------|
| <input type="checkbox"/> Food | <input type="checkbox"/> Dairy Products | <input type="checkbox"/> Baked Goods |
| <input type="checkbox"/> Chemicals | <input type="checkbox"/> Soap & Detergents | <input type="checkbox"/> Other |
| <input type="checkbox"/> Frozen Products | <input type="checkbox"/> Fertilizer | |

Name _____ Title _____

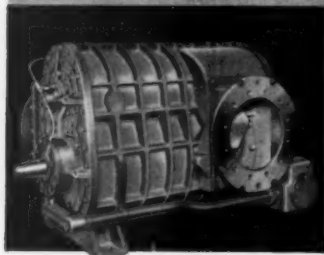
Company _____

Address _____

City _____ State _____

E. I. du Pont de Nemours & Co. (Inc.)
Polychemicals Department, 158-B Nemours Bldg.
Wilmington 98, Delaware

Standardaire Blowers



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✓ Air Conditioning ✓ Blowing Cupolas ✓ Combustion Air ✓ Chemical Processes ✓ Distillation Units ✓ Drying with Vacuum ✓ Gas Well Pumping ✓ Low Pressure Steam Pumps ✓ Mine Ventilation ✓ Oil Refining Processes ✓ Pneumatic Conveying ✓ Refrigeration Systems ✓ Sewage Treatment Plants ✓ Scavenging and Supercharging Diesel Engines ✓ Tunnel Ventilation ✓ Vacuum Systems ✓ Water Works Plants

PROOF!

AFTER 15 MONTHS
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OPERATION...



WRITE FOR PUBLICATION 9816, the story of how one Standardaire Blower handled 1½ billion cu. ft. of high pressure air in a prominent chemical plant... 15 months operation, 24 hours a day, at 2200 r.p.m., equivalent to 20 years' service... without appreciable wear.

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CORPORATION

370 LEXINGTON AVENUE • NEW YORK 17

** Makers of Readco Bakery Equipment... Readco Material Handling, Chemical Processing, and Mixing Equipment... Standard Stokers **



WALL THERMOSTAT regulates conditioner centrally located in hall closet and...

with movable windows, sashes, screens, eliminates attic and high-roof pitch. Combine this with mass-building methods and you get an air-conditioned home for about the same price as a conventional one of the same size and quality.

• **Solid Comfort**—A flick on a wall thermostat switches the house from hot to cool, keeps it at an even temperature summer and winter. On opening day the conditioning stood the test of muggy weather and a constant load of around 150 viewers. The unit itself takes about 20 sq. ft. of space. It's housed in a centrally located, sliding-door hall closet.

The conditioner runs on gas; Carrier is experimenting with oil, but these units aren't on the market yet. Total heating-cooling cost at New Orleans rates runs around \$110 a year.

The pilot house is one of five basic plans—all in the medium price range. They cost from \$16,500 to \$19,000, not counting the lot. The lower priced models have the same year-round conditioning; they're just stripped of some of the flashier trimmings.

• **Decorator's Delight**—The functional design of the home built around air-conditioning should delight a decorator. Windows are placed for convenience, rather than ventilation. Clerestory-type windows in the living room and overhead ones in the bedrooms allow more living space and make it easy to arrange furniture. Since the windows don't open, dust is no problem.

Carrier picked New Orleans for the debut because the climate there provided an ideal testing ground. But the



COOLING UNIT sits in backyard. It may be standard equipment in future homes.

company plans other developments in Kansas City, northern New Jersey, and Texas.

Carrier estimates that the way things are going, by the end of the year half a million homes and apartments will have partial or complete air-conditioning (BW—Feb. 2 '52, p. 21). Air-conditioning is a good investment, for one thing, says Carrier. Air-conditioned houses will still be modern when those without it have lost a good deal of their resale value.

Summery Orlon Tries on Winter Suits for Size

Orlon, already at home in men's summer suiting, is set to take over the winter market, too. Next December, a new fabric, made by Bachmann Uxbridge, of 60% wool, 40% Orlon, will make its bow. E. I. du Pont de Nemours, which makes the Orlon, says this is the first time this man-made fabric has turned up in a woolly suiting for men. In view of the potential market for men's suits, this could herald a significant move away from all-wool.

Two clothing manufacturers have signed up for the new "flannel." Esquire Sportswear, Inc., will use it in 15,000 pairs of slacks; Phoenix Clothes, Inc., will turn it into 2,000 suits. The fabric comes in several shades of grey, brown, blue, and green. Orlon advocates say that, because it's a bulky fiber, it offers 20% to 30% more warmth than any other fiber in fabrics of equivalent weight.



**Here's Abundance
of Natural Materials—
and 50,000,000 Gallons
of Water Daily!**

2,000 ACRE INDUSTRIAL SITE READY FOR YOUR PLANT

**at Denison, Texas,
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Investigate this highly desirable plant site for your new plant or re-location of your present plant. Here you can readily command all the rich and varied natural resources of the South and Southwest, especially those of Texas and Oklahoma—"Texoma-Land." An ideal site for a chemical or metal products plant. Large water supply volume at the site . . . abundance of iron ore, lignite, oil, gas, limestone, and silica sand within 200-mile radius.

LOCATION: 2,000 acres, for lease or for sale, single ownership, on banks of Red River—flood free—adjacent to and north of City of Denison, Texas. Site is approximately 4 miles below Denison Dam.

WATER: 50 million gallons per day minimum.

POWER: Denison is served by two heavy duty transmission lines.

GAS: 10-inch high pressure line extends through the property.

SEWERAGE: On the property.

TRANSPORTATION: Frisco Railway main line parallels the property, as do U. S. Highways 69 and 75.

LABOR: Excellent supply available from Denison—Sherman—Grayson County area. Population 70,000.

DETAILS REGARDING water flow, chemical analysis, temperature, taxes, etc., are available upon request.

Your reply will be kept
confidential.

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J. E. GILLILAND

Assistant to

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St. Louis-San Francisco

Railway Company

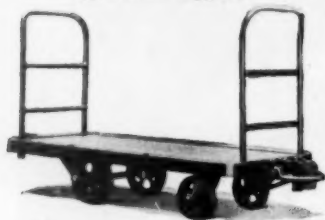
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When fire occurs you must be able to prove what you lost and its cash value.

With Continuous American Appraisal Service, you will always be prepared.

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APPRAISAL**



Company

Over Fifty Years of Service

OFFICES IN PRINCIPAL CITIES

CBS Juggles Radio Rates

The move is mostly downward, as the historic gap between day program time and nighttime is narrowed. Other networks must follow suit.

Columbia Broadcasting System and its radio affiliates settled this week on a new rate structure for network radio time (BW—Aug. 16 '52, p. 38). They did it without enthusiasm—the new rates mean a smaller take both for network and for stations—but with relief that any settlement could come out of a long and bitter quarrel.

Early this week, 91% of the affiliates had agreed to the new terms, which boost rates to daytime radio advertisers by 54% and cut costs to nighttime advertisers by an average of 25%. Discounts go into effect next Monday, and so do increases on new business; increases of old customers will take effect after a period of notice.

● **Facts of Life**—Nobody, even at CBS, claims that the new rate setup will cure the ills of TV-beset radio. But it at least recognizes the facts of radio life and systematizes what had become a flood of special "deals"—even if it has to do this by bringing the official rate structure down to the level at which the deals had been operating.

Of course, when this happens to CBS rates, something has got to happen to the rates of other networks, too. A National Broadcasting Co. spokesman says his company hasn't yet decided what to do, or when. At American Broadcasting Co., regret is expressed that CBS should have taken this step, and an early rate adjustment is hinted. Mutual Broadcasting System, however, insists it will play a waiting game. With radio billings up 13.7% for the first seven months of 1952 over the same 1951 period, Mutual will doubtless be the last to act.

● **Peace Terms**—Points of the CBS agreement with its network stations are:

• CBS agrees not to cut network rates again for a year.

• Nighttime advertising rates on the network—the premium breadwinner—aren't officially changed, but discounts averaging 25% are granted. The discount depends on the frequency of programming.

• Daytime rates, Monday through Friday, moved two ways—(1) the network restored last year's 10% cut and (2) added a 5% special discount. So these rates wind up about 54% higher.

• **Give and Take**—Apparently it was a case of face-saving all around. CBS had originally urged a flat 35% cut in nighttime rates; affiliates didn't want that,

since they'd then have a hard time holding the line on their local rate cards.

For their part, the affiliates had optimistically talked of a 20% increase in daytime rates—the actual restoration of last year's 10% cut involves an increase of 11.11%. Even with the compromise, however, the affiliates still net a 54% increase in their take from daytime programs on the network.

Affiliated radio stations made another concession on nighttime costs. They are absorbing part of the 25% average discount. Instead of drawing 40% of the network's total take from the advertiser, the stations will get 34%.

● **Night Plight**—The new structure holds the plight of nighttime radio up for everyone to see. Evening programs on radio face the toughest competition from television. CBS points with pride to a near-full nighttime schedule on radio for the fall—and a daytime schedule booked solid—but its new rate scale is admission that nighttime radio no longer can claim the high premium it once had over daytime radio.

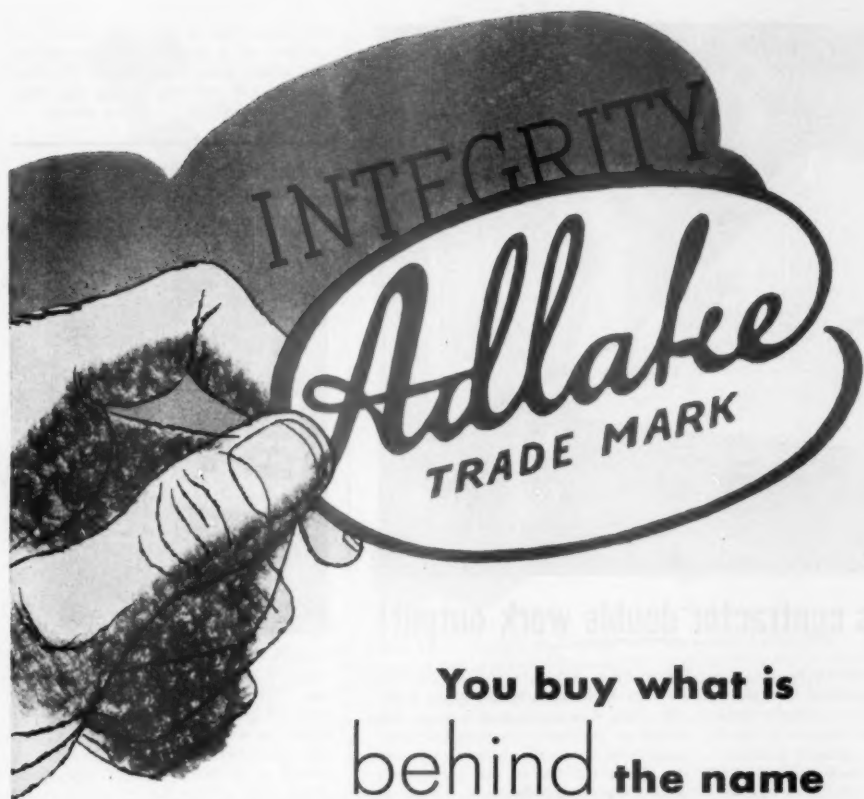
Last week's Nielsen ratings confirm this finding. Nighttime radio in the June 29-July 5 period hit an all-time low. Top rating of only 5.5 went to NBC's Groucho Marx show; this dragged even behind daytime radio's score of 7.3 for its top program.

The new CBS schedule narrows the traditional gap between nighttime and daytime costs. For many years, nighttime cost just twice as much as daytime spots. Now, with average discounts, an advertiser will pay \$47.50 for a \$50 daytime spot or \$67.50 for a slice of evening time that used to set him back \$100. The premium is 42%, not 100%.

● **Meet Competition**—Affiliated stations are still not completely sold on the job the networks are doing to maintain radio in competition with TV. Some station executives feel the networks could do a better job for radio by putting more stress on radio's coverage and listener acceptance, less on programming.

Station people are generally more optimistic about radio's chances against television than the networks seem to be. It was the affiliates who held out for a one-year term for the new CBS network rates; CBS suggested two years.

It's probably no coincidence that new and higher rates for TV have been announced for several CBS-TV stations in the past few weeks. Some people



You buy what is behind the name

When you buy an ADLAKE product, you receive something with it that never shows up on an invoice . . . the integrity of the manufacturer.

Integrity is made up of many things. In the case of The Adams & Westlake Company, it's a combination of

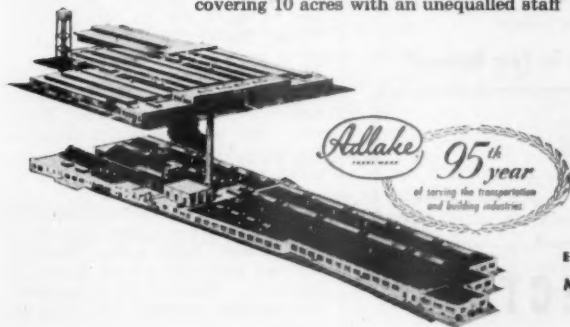
- **Experience** Almost a century of manufacturing know-how is behind each ADLAKE product.

- **Facilities** A modern manufacturing plant covering 10 acres with an unequalled staff

of specialists to maintain the high level of ADLAKE workmanship.

- **Good Faith** ADLAKE's policy has always been to keep faith with its customers. For that reason, no effort is spared to make sure that every purchaser gets precisely what he bargained for and that he is always satisfied.

This integrity is an integral part of every ADLAKE product . . . Building Windows, Sash for railroad cars, trolleys and buses, Transportation Specialties, Mercury Relays, and all the other items in the wide ADLAKE line . . . as thousands of satisfied users in every branch of industry will testify!



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Established 1857 • ELKHART, INDIANA • New York • Chicago

Manufacturers of ADLAKE Specialties and Equipment
for the Transportation and Building Industries,
and ADLAKE Mercury Relays.



Radio helps contractor double work output!

MANY a small contractor finds he can squeeze more profit out of a working day by using G-E 2-way radio to eliminate waste motion. For example: Al Spade of Rochester, N. Y. contracts municipal paving, hauling and snow removal jobs. From their home, his foreman's wife operates the transmitter like a telephone, re-

laying radio messages and instructions between work crews spread miles apart.

For less than the cost of a truck, this contractor installed a complete G-E communication system that helps him double the number of jobs he can handle efficiently. Mail coupon below for details on similar savings for your operation.



"In snow removal", reports contractor Al Spade, "we do in five hours what would require eight without mobile radio."



With a small crew, 2-way radio control permits fast switching of trucks between jobs with a minimum of waste mileage.

How Much Does *Instant Communication* Mean To Your Business?

General Electric Company, Section 182-23
Electronics Park, Syracuse, New York

Please tell me how General Electric 2-way radio can help me.

NAME _____

TYPE OF BUSINESS _____

ADDRESS _____

CITY _____

STATE _____

GENERAL  ELECTRIC

felt that a rise in TV prices was as inevitable as a decline in radio prices. But others shake their heads. TV, they say, is still too high, like nighttime radio, and will have to come down.

MARKETING BRIEFS



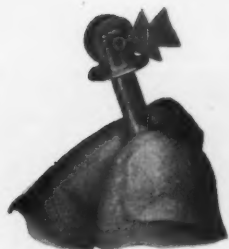
Serve's answer to a saturated refrigerator market is the Electric Wonderbar. The long-heralded "second household refrigerator" comes in mahogany, blond, or white finishes to fit into living room, bedroom, or wherever. It's priced at \$149.50 for the mahogany finish, plus \$10 for the legs and castors. It's scheduled to hit the market late in September.

Motorola cut prices on its 1953 TV sets about 11%. The lowest-priced set in the line will be listed at \$179.95, against \$199.95 for a comparable 1952 model.

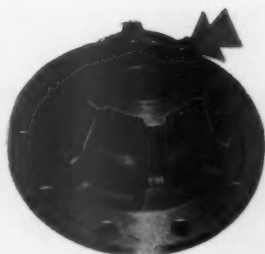
Commerce Dept. has a new section in the works—an agency to be devoted to the interests of the "distribution industry," wholesalers and retailers. The present Bureau of Foreign & Domestic Commerce will probably be reorganized to handle the job, said Secretary Charles Sawyer.

The very small fry market, a big one in recent years (BW—Dec. 8 '51, p146), won new recognition. Parents' Magazine last week launched Humpty Dumpty's Magazines, for children too young to read.

Woolworth is trying out large-scale self-service in Stuyvesant Town, New York City. Candy, toilet goods, cosmetics, and yard goods will still be service departments. Otherwise it's a help-yourself operation, complete with checkout counter.



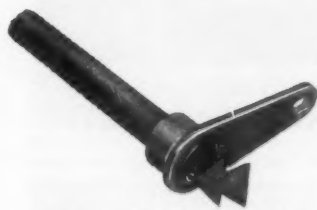
AS A SHAFT . . . Rollpin serves as an axle for the sparkwheel of a cigarette lighter. No riveting or threading necessary . . . faster assembly. Note flush, clean fit.



AS A DOWEL . . . Rollpin is used here to prevent rotation of a thrust bearing. No reaming, no special locking. Easily removed. Lowest possible dowel pin cost.



AS A CLEVIS PIN . . . here Rollpin holds firmly in clevis, permits free action of moving member. Rollpin application above is with the plate of a home workshop tool.



AS A KEY . . . Rollpin demonstrates its ability to do away with precision tolerances, in this heating system damper arm. Faster, cheaper and more satisfactory than usual assemblies.



AS A STOP PIN . . . in this application, Rollpin is shown in a ratchet wrench adaptor. With its light weight and high shear strength, Rollpin functions perfectly . . . cuts assembly costs.



AS A SIMPLE FASTENER . . . Rollpin replaces a set screw in pinning a gear to a shaft. Assembly time is shorter, service life longer. Vibration-proof flush fit. Easily removable.

YOUR IMPORTANT FASTENING JOBS

are cheaper . . . faster, with



Rollpin is a pressed-fit pin with chamfered ends. It drives easily into holes drilled to normal tolerances, compressing as driven. No reaming, no tapering, no extra assembly steps required. Rollpin fits flush, *locked* in place by the constant pressure it exerts against the hole walls. Can be inserted with automatic press, or by hand—removable with a drift or pin punch.

Rollpin is reusable again and again.

Elastic Stop Nuts with the famous red collar are another ESNA product



MAIL COUPON TODAY. If your present operations or plans include the above applications—or set screws, rivets, hinge pins, cotter pins, pivot pins, taper pins—you can't afford to be without complete details on Rollpin. Write now—find out how much faster and cheaper Rollpin can do the job.

Section R1-819, Elastic Stop Nut Corporation of America
2330 Vauxhall Road, Union, N. J.

Please send me the following free information
on ESNA self-locking fasteners:

- ☐ Rollpin bulletin and sample Rollpins ☐ AN-ESNA conversion chart
☐ Elastic Stop Nut Bulletin ☐ Here is a drawing of our product.

What fastener do you recommend?

Name _____ Title _____
Firm _____
Street _____
City _____ Zone _____ State _____

INDUSTRY



From the Driver's Seat: It's No Easy Life



PAPERWORK at garage includes recording mileage, handing in log of every fare.

Next to the Empire State Bldg., the Statue of Liberty, and the pitchman, the most familiar sight in New York is probably the taxicab. Its principal habitat is Manhattan's narrow cross streets, where it seems to outnumber all other fauna. But like the antelope of the West, the cab abounds for the tourist, but hides from the hunter. Try to find one on a rainy day or between 5 p.m. and 10 p.m.

This week, as the usual 300,000 tourists flock in, the last of New York's taxi meters will be changing over to a new, higher rate. Once the hack rider shelled out 20¢ for the first quarter mile and a nickel for each additional quarter or fraction. Now he will pay 25¢ at the drop of the flag and 5¢ for each additional fifth of a mile—the result of last month's decision by the City Council to grant the first industry rate increase since 1933.

I. An Industry Divided

Most of the industry was undoubtedly elated by the fare boost. However, many, especially drivers, received it with some reservations. An old cabbies' gag has it that the tip on a 70¢ ride is 30¢ and on an 80¢ ride it's 20¢. And it's not far from the truth. Consequently, the drivers feared that with the higher rates their tips would drop off.

The council did insist however, that fleet owners raise the driver's commission on the day's booking to 45% from the previous 42½%. As a result, many drivers are beginning to view the new rate as a kind of guaranteed tip.

Even if the man who drives for a fleet still views the increase as some-

thing less than a blessing, two other groups in the industry hail it as both—the fleet owners and the owner-drivers, the men who own and operate their own hacks.

• **Carryover**—The law limits the number of cabs on the streets of New York to 11,796. This restriction went into effect in 1937, and since then no new licenses have been issued. Of the 11,796, 4,978 are licensed to individual owner-drivers, and the rest are owned by fleets. Each group of medallions (the licenses are metal plates bolted to the hood) is nontransferable except within its own group. A fleet owner cannot acquire owner-driver medallions, and no individual owner technically can own more than a single medallion.

This situation developed from problems that grew in the depression days when cabs 20,000 strong overflowed the streets. Competition was bitter, even violent. Fleet drivers would take a passenger for any price he offered, so long as it covered the owner's share of the meter reading. If a driver could make a dollar or two a day, it was often better than nothing.

How much a driver booked in one day generally determined whether he got a cab to drive the next day. This led to a practice known as "riding the ghost." Drivers would put the flag down, drive without a passenger, and then pay the owner's cut out of their earnings on real passengers.

Finally in 1937, the city fathers decided to clean up the situation. Issuing of new licenses was stopped, and policing of the industry was increased. The industry began to stabilize, and with the defense and war booms, New



SERVICED CABS are ready to go out on a run from the Bronx garage of New Taxi Dispatch Corp., New York. NTDC figures

gas, oil, and other operating expenses run more than \$20 per day for each of its fleet of 52 cabs, a typical New York fleet.



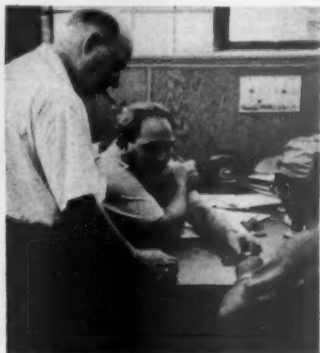
FLEET DRIVER checks in and collects his commission at end of a day. Outside...



NIGHT-SHIFT DRIVERS, including one of New York's few lady cabbies, wait for day men to bring cars back. A long haul may delay a driver's return anytime.



ACCIDENTS boost the already high insurance rates, a major factor in cab operating costs. A new fender alone costs close to \$30, installed, so fleet owners push safety.



CO-OWNER Sol Schwartz of NTDC hears driver (right) report crash to manager.

Simplify your shipping schedule
SHIP via TWA - FAST 4-ENGINE.
ALL-CARGO "SKY MERCHANT" SERVICE
 coast to coast every night!*

Save time... ship almost anything almost anywhere.
 Increase sales. Major markets only hours away. Phone
 Trans World Airlines now for low rates, schedules,
 quick pick-up. Across the U.S. and overseas... you
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All TWA flights carry
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Cutlery, Hardware, etc.
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Industrial packaging
 and building papers
 Since 1895
 Distributors in all
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STOPS RUST

Simplest, surest way to stop rust now is with vapor.
 There is no need for messy coatings of oil or grease.
 This clean way to store or ship metal parts means
 that all the bother and cost of "cleaning" is saved.
 Write to Angier Corporation, Framingham 7, Mass.

Angier VPI* Wrap

* Vapor Rust Preventive

York's taxicab industry became a respectable, thriving business.

II. Gets on Its Feet

These days the taxi industry is pretty much like any other business. Gross revenue probably exceeds \$150-million a year, and while it is impossible to get anything but rough estimates, the New York industry's net worth is over \$20-million. Net profit probably runs better than \$8-million, not counting the share of owner-driver earnings that are wages.

It is almost impossible to get accurate figures on driver earnings. They range from \$75 to \$125 a week, including tips, depending on the shift, and know-how. Before he can get a license, every driver must be free of a serious police record, be in good physical condition, and pass a test on the city's geography. But a driver who knows the ropes can do much better than one who doesn't, even if they work the same hours.

Earnings from tips are something no driver will talk about. The state unemployment commission figures they run 12½% of total fares, and the Bureau of Internal Revenue expects a driver to declare 15% of his fares as tips. The industry, however, figures they run a little higher than that.

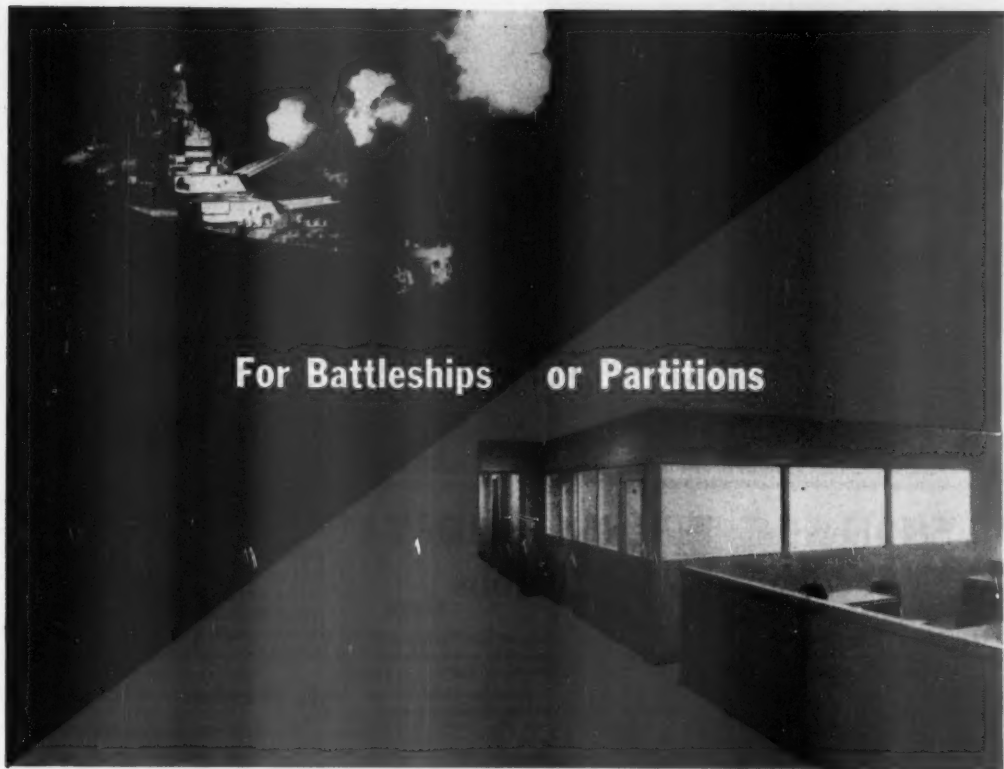
• **Ways Around**—The police department frowns on drivers earning anything but fare commissions and tips while they are driving. The department's Hack Bureau—a branch of the Bureau of Licenses—enforces the regulations and punishes violators. Probably the most common violations are riding a passenger with the meter off to pocket the unrecorded part of the fare and charging more than one passenger for the same ride.

Other frequent offenses include tout-ing hotels, restaurants, and other places of amusement. When the night club business dropped off after the war, for instance, some clubs began paying drivers a dollar a head for every male delivered to the premises.

Today every city precinct has at least one plain-clothes hack inspector who may pose as anything from a country boy or drunken sailor to visiting businessman out for a good time. If a driver has any suggestions, he gets a summons.

• **On Guard**—By and large, it's generally conceded, the Hack Bureau polices the industry well, considering the size of the city and the number of drivers. The bureau says there are more than 25,000 people licensed to drive New York cabs. The bureau's biggest problem is, and maybe always will be, the fact that many of New York's flood of tourists aren't exactly worldly.

Besides licensing cars and drivers, and



For Battleships or Partitions

There is no substitute for **STEEL!**

No partition like a steel partition...
No steel partition like...

VMP MOBILWALLS

Certainly there is no substitute for steel in battleship construction—nor in partition construction either. No other material can possibly give you steel strength and durability.

Made of steel, MOBILWALLS are the most complete line of movable steel partitions. Installed by VMP, who provide the finest nationwide engineering and erection service, MOBILWALLS are permanently beautiful,

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Compare VMP steel MOBILWALLS with any other partition, and you will buy VMP steel MOBILWALLS—every time.

Yours on Request: MOBILWALL portfolio gives valuable information about efficient partitioning. Write, without obligation, today to Virginia Metal Products Corporation, Department BW8, 1112 First National Bank Building, Pittsburgh, Pennsylvania.



Pacemaker to progress in partition design and engineering

VIRGINIA METAL PRODUCTS CORPORATION

PLANT: ORANGE, VIRGINIA

also leading manufacturers of steel doors and frames, library stacks and equipment, and conveyors for vertical and horizontal transmission.



Locking mated couplings together so they won't get scrambled in stock bins is another quick, easy job for Bostitch "Hog-Ring" Pliers, reports a big West Coast manufacturer. His operators, who hurt their fingers when they tied these electric components with wire, also are enthusiastic about their new Bostitch fastening method.

Self-Feeding "Hog-Ring" Plier Speeds Up Fastening Jobs

Cuts costs of electric wiring, mattress-making, auto-seat covering, bag-sealing, parts-assembly, shipping, etc.

You can make more money, too, if your business calls for fastening cords, wires, fabrics together or to each other.

Doing these jobs better, faster and at lower cost comes naturally to this Bostitch P7 "Hog-Ring" Stapling Plier. As fast as you can

squeeze its easy-working handles, this self-feeding plier changes pre-formed staples with $\frac{1}{8}$ " openings into sturdy $\frac{1}{4}$ " rings.

It will pay you to learn how hundreds of electrical manufacturers, furniture makers, nurserymen, shippers, etc., have cut their fastening costs with Bostitch stapling machines. Get latest literature by mailing coupon . . . today.

INVESTIGATE THESE OTHER COST-CUTTING BOSTITCH STAPLING MACHINES



Bostitch H4 Stapling Hammer is 4 times as fast as hammer and nails.



Bostitch Autoclanch Stapler seals cartons on the inside entirely from the outside.



Bostitch T5 Stapling Tacker is twice as fast as hand tacking on hundreds of jobs.



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"... New Yorkers are what insurance companies call claims conscious ..."

NEW YORK CABS starts on p. 66

watching for cab larceny, the Hack Bureau regulates safety and meter accuracy. Every cab must be inspected every four months, and the meter checked. Only a 5% error is allowed. All meter repair shops are licensed by the bureau and closely supervised.

• **Their Own Hours**—The bureau works hard to enforce another regulation which requires a driver by law to pick up any passenger and take him anywhere in the city. This ruling makes it difficult to operate fleet cabs on anything more than approximate schedules. Fleets run their cabs on a two-shift basis. Day-shift cars start going out at 2 a.m. and by 6 a.m. they are all out. They start returning in the early afternoon. The night shift usually starts between 3 p.m. and 4:30 p.m.

Drivers are generally allowed to make their own hours within these broad limits—provided they book enough to satisfy the owner.

III. Fleet-Run

The fleet owner is an operator with two or more cabs. If he has only a handful he may drive one himself and rent garage space from a company that provides space for small operators, or from a big operator with extra space. If he is a middle—or large-sized owner—has, say, 30 or more cars—he's a businessman with an office in his garage.

Biggest fleet in New York is National Transportation Co., Inc., owned by Parmelee Transportation Co. It in turn is controlled by Checker Cab Mfg. Corp., maker of the Checker car, used exclusively as a cab. National owns 1,600 cars. Next largest is Wags Transportation System which owns, or rather operates, 607 cars. Aside from National, few fleet owners keep all their cars in one corporation. Wags is broken down into some 30 owning companies. Many operators keep as few as three or four cars in a corporation. Total owning companies run close to 800, with maybe 200 actual operators.

• **Claims-Conscious**—Most obvious reason for this practice is, of course, to stay in bottom brackets for corporate income taxes. Even more important, it provides fleet owners with a kind of limited liability. New Yorkers are what insurance companies call claims conscious. As one owner said, "Graze a guy who bumps into your cab and he'll find a lawyer who'll win

him your whole system if you don't break it up small."

• **Liability**—Insurance is one of the biggest problems of a fleet owner. Some claim it's their biggest, but everybody agrees that it ranks with gasoline and initial car prices as the top cost factors in the industry. Insurance costs run \$1,000 to \$1,400 per car per year, and they are going up next Jan. 1. The individual owner-driver pays less, because since the cab is his property he looks after it a lot more carefully than a hired driver. Auto rates are generally higher in New York, the result of heavy traffic and the claims-consciousness of the public.

One fleet attorney reported that juries are the first to reflect inflationary trends in their awards in damage cases, even to the point where they ignore negligence laws. Besides, he thinks ambulance-chasing has become a big problem. In one case, he pointed out, a victim was solicited by 18 different people acting for lawyers. This from the time he was lying in the street waiting for the ambulance until he was released from the hospital.

Few others in the industry, and no high officials in the police department, think that readiness to sue is the major cause for higher rates. But everyone concedes that the number of claims and the amount of awards has increased.

• **Big Outlay**—Car costs are another big problem, and most owners figure it will take a change in the law before these outlays drop. The law requires that a cab seat five passengers safely and comfortably behind the driver. Cabs also have to have a partition between the driver and the passengers, and the distance between the rear seat and the driver must be 60-in.

All this means one thing, say fleet owners—a big, expensive car. This has come to mean that almost everybody runs one of two cars, the Checker or the DeSoto Skyview, a modified DeSoto limousine built by James F. Waters, Inc. The list price for the Waters cab runs around \$3,100 today. A single large fleet or a group of small ones or owner-drivers buying together can get the price down below \$2,900. The Checker sells for around \$2,600, give or take a little for quantity sales.

• **Rough Riders**—A fleet owner, operating on two shifts, figures he has to run a car 30 to 36 months to make any money. During that time the car covers about 70,000 miles a year. It is operated at different times by a dozen men in the roughest traffic in the world. When its useful life is over, there's hardly an original part in it.

The worst of it, operators maintain, is that the car is practically worthless in the end.

Occasionally a cab can be repainted and sold as a passenger car for maybe

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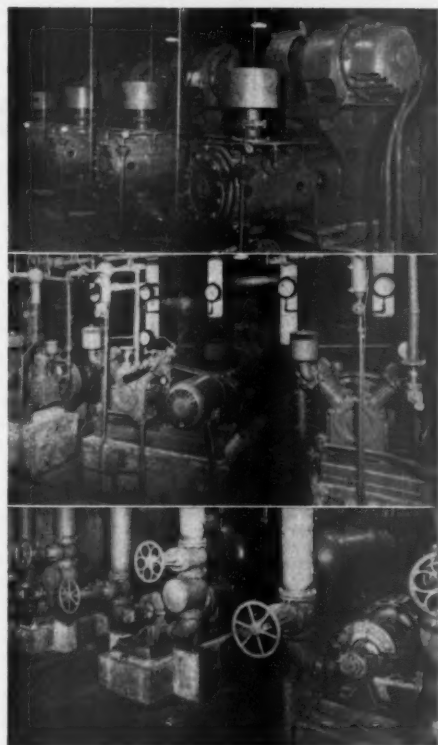
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\$200 or so. Some have been shipped abroad in quantity. But the general practice is to take out all of the good parts and scrap what's left. One fleet owner figures a dead car brings about \$25.

• **Time for Change**—For this reason, many cab operators have been clamoring for a change in the law for years. They want to be able to use stock cars with only slight modifications. Owners point out that the lower purchase price would mean they could run their cars for only 12 to 18 months, sell them at the end of that period at a reasonable price, and still make more money on their operations even at the old fare.

Besides the lower capital investment, parts, service, and gas would cost less. Moreover, they assert smaller cabs would be in the public interest. Since the standard big cab is 3 ft. to 4 ft. longer than the stock Ford, Chevrolet, or Plymouth, which they would like to use, the 12,000 now operating further obstruct the already congested city traffic.

• **No Compromise**—Some attempts have been made to work a compromise. A British Austin cab was approved and run for a while. But drivers complained that because the rear compartment had to be regulation size, their footroom was badly cramped. Another try was the Chevrolet station wagon, modified and approved in 1950. About 1,700 were tried. But most owners are replacing them with other cabs. Their stock complaint is that when a passenger can choose between a big limousine and a hard, high-riding station wagon, he picks the DeSoto or Checker everytime.

• **Putting on Pressure**—Now that they have their fare increase, the operators' next campaign will be to get the city to approve stock cars, possibly even allow passengers to sit alongside the driver, and set a date after which no more big cars can operate as cabs.

City authorities maintain, however, that passenger safety and comfort requires a big car, and they don't seem inclined to change their minds now. It's safe to assume there'll be pressure from DeSoto and Checker to continue the policy and from powerful standard-car makers to change it.

• **Fuel to the Fire**—After insurance and car costs, gasoline is the big expense. A cab gets somewhere in the neighborhood of 8.5 miles to the gallon. The gasoline costs around 18.5¢ a gal., depending on the quantity you buy. Since a two-shift cab travels around 170 miles a day, 20 gal. and nearly \$4 goes for gas alone.

The bill for total operating expenses runs roughly \$20 per cab per day for a medium-sized fleet owner. With a daily booking for two shifts of about \$45, the driver's take is \$20.25. That means a net of about \$4.75 a day for

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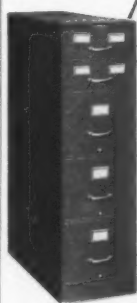
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each car. But that assumes that business is good, and that both drivers work a full day and hustle all the time, without accidents or other delays.

Generally, an owner's luck isn't that good. Average daily net per car probably figures to be not much more than \$2 over a year.

• On Their Own—However, net profit varies considerably from fleet to fleet. The fleet that buys gas, cars, and parts in quantity runs up lower operating expenses. The operator who keeps track of accidents and who either fires repeaters or tries to get eyesight and other accident-producing disabilities corrected has considerably lower insurance costs.

But recently some small fleets have been running in the red, and others have even been forced out of business. (The new rate boost will probably give the marginal operator a shot in the arm.) Most industry men agree that, aside from mismanagement, the major cause of recent failures has been high insurance rates.

IV. On Their Own

The individual owner-driver is a completely different animal from the fleet owner. He's an independent operator in every conceivable way. He can make his own hours, works a split shift to get both morning and evening rushes, take off when he likes. Many owner-drivers belong to one of a dozen or more associations which maintain garages, buy insurance, parts, gasoline, and hire repair men.

• Graduated—Most owner-drivers used to be fleet drivers until they saved enough to buy a cab with a medallion. The price of the package today runs around \$6,000. Most of the price goes for goodwill (euphemism for the medallion); the cab in a deal like this is rarely worth \$1,000. But the transaction must be set up this way because outright sale of medallions is forbidden.

If an individual only drives the cab himself, he probably nets \$25 to \$30 a week more than a fleet driver.

• Independent—However, most owner-drivers would probably drive their own cars even if they made less than a fleet man. They are complete individualists and want to stay that way.

But even fleet drivers are a bunch of pretty independent people. Unions have tried to organize them for two decades, but only two have even gained a small foothold, and most of the failures have been chalked up to the lone-wolf character of the drivers. "When they leave here," a fleet owner observed, "there's only one restriction—they gotta turn left when they get out the door, because it's a one-way street. We don't know where they've been till we see their trip cards at the end of the day."



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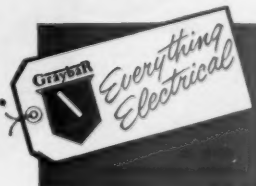
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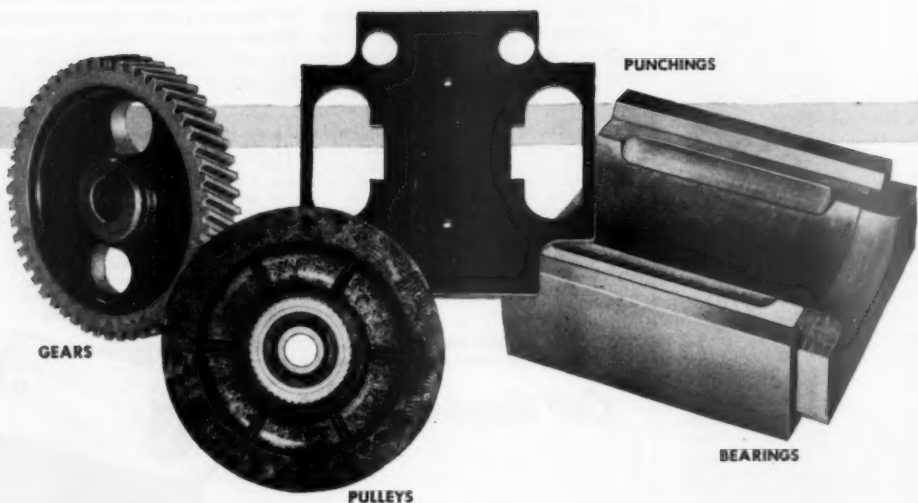
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They All Own a Slice of Dow

There is no law that keeps an employee from owning stock in a company where he works. But it's certainly uncommon for a large number of employees in a company also to be stockholders.

Dow Chemical Co. is one of those

exceptional cases. Nearly half the men and women who work for Dow have bought Dow stock. Furthermore, their holdings add up to a sizable block of all the shares now outstanding.

• **The New Look**—This situation is symptomatic of a new trend in busi-

ness. As J. K. Lasser, New York tax authority, noted recently in a special memo to his Business Reports Inc. clients: "Selling all or part of a business to employees is an important new trend—and it's developing very fast."

Companies that got on the band-

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*" . . . the question was
whether the theory could be
put into practice . . . "*

DOW starts on p. 76

wagon early have discovered several ways to bring in employees as stock owners. One is through a profit-sharing trust authorized to buy company stock. Another device is a savings plan in which company and employee jointly contribute. A third method—the one that Dow has adopted—is the employee stock purchase plan.

• **Four Years Ago**—It was late in 1948 when the Dow management decided to set up a plan under which employees could buy common stock in the company (BW—Mar. 24'51, p135). At that time, Willard Dow was president of the chemical concern which his father, Herbert H. Dow, had founded half a century earlier.

Willard Dow and his management associates believed that an employee who owns stock in his company has a keener and broader interest in its operations, a better understanding of its aims and problems, and more team spirit.

That was the theory. The question was whether the theory could be put into practice.

• **Try It and See**—The company approached the problem just as it had approached many problems in chemistry. Even if a new process looked good at the laboratory or research stage, it was not considered proven until it had worked out in production.

The 1948 employee stock purchase plan met the test. Of all eligible employees, 19% bought stock under this first plan. That was considered pretty good acceptance. As a result, Dow launched a second plan early in 1950, and an even larger group—29%—bought stock. A third offering was made in 1951. Again there was improvement in the response—7,532 employees, 42% of the total, subscribed for stock.

• **New Offering**—This year, a fourth offering was made. Dow employees greeted the offer by oversubscribing the approximately 45,000 shares made available to them.

There were 22,339 employees eligible to subscribe when the offer was announced in January. Of that number, 9,749, or 45%, decided to participate. They weren't even able to get as many shares as they wanted—the 45,000 shares had to be prorated. The plan limits subscriptions to 10% of each employee's annual salary; the pro rata share came to about 9%.

Those who paid for their stock right away are the exception and not the rule. Subscriptions are usually paid through payroll deductions. Each subscriber

authorizes a deduction of \$2.75 a week for each share subscribed. Payroll deductions began early in February, and the final pay-up date is next week. (An employee can get his money back at any time rather than accept the stock.)

• **Employees Only**—To be eligible for the 1952 offering, employees had to be on the payroll as of Dec. 10, 1951. They could be on the Dow Chemical payroll or on the payroll of any company in which Dow owns 50% or more of the stock. That took in Brazos Oil and Gas Co., Cliffs Dow Chemical Co., Dow Corning Corp., Dow Chemical of Canada, Ltd., Dowell Inc., Ethyl-Dow Chemical Co., Midland Ammonia Co., and the Saran Yarns Co.

The only employees not included in the plan are the officers and directors of the company. Not only are they excluded from the employee stock purchase plan, but they are also not given any special deal for buying stock.

In this respect, Dow differs from many companies which have been optioning stock to executives (BW—Dec. 8'51, p46). Those companies feel that selling stock to key executives gives an incentive to management which cannot be matched by jacking up their salaries into the high tax brackets.

One reason for Dow's dissent may be that most, if not all, of the top brass already hold fair-sized amounts of stock. Officers and directors own 269,000 shares. That is 3.85% of all outstanding stock.

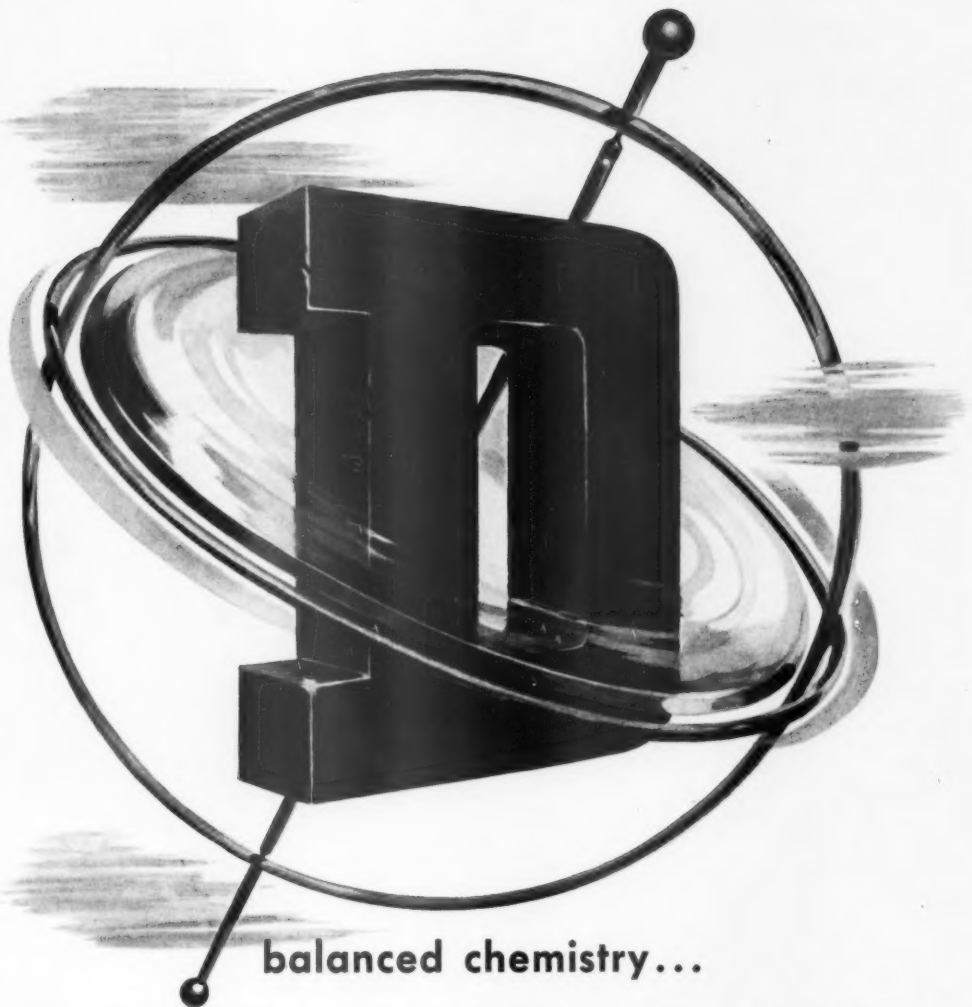
• **Stockholders, Too**—Because they are shareholders, the officers aren't really frozen out of the stock offerings. Simultaneously with the offering to employees there is also an offering to holders of common stock, giving them the right to subscribe for one additional share for each 50 shares then held.

In both offerings, the new stock is priced at a discount. The original 1948 employee stock purchase plan gave a 5% discount from the market price at the date of offer. This discount was fattened to 15% in the second plan and 26% in the next two offerings.

Stock this year was offered to employees at \$82.50 a share, when the market was \$112.125 per share. This attractive price is permissible under Salary Stabilization Board regulations, even though stock option plans are limited to 95% of market value. Dow's plan was classed by SSB as a bonus plan, and the 26% discount worked out under bonus rules.

The offering price to stockholders was the same. They just don't get the added advantage of buying on credit as the employees do. Of course, employees who have bought stock previously can also buy additional shares in their role as shareholders.

• **Employee Holdings**—Through the four offerings, employees have bought



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Buffalo Forge Co.	Read Standard Corp.
Carrier Corp.	Sutton, O. A., Corp., The Typhoon Air Conditioning Co., Inc.
Clarage Fan Co.	Westinghouse Electric Corp. (Sturtevant Div.)
Farr Co.	Worthington Corp.
Frick Co.	York Corp.

Source: Publishers Information Bureau

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185,000 shares of the 7-million shares outstanding, about 24% of the total. But that does not indicate what the present holdings of employees may be. You also have to take into account the original holdings they may have had, the stock they've bought in the open market, and the effect of stock dividends.

In 1948, stockholder records were checked. At that time, 10% of all stock was held by employees of Dow's headquarters and main plant in Midland, Mich.

Although no one knows for certain, it is a fair conjecture that Dow employees in Midland and elsewhere may now hold around 15% of the company's stock.

• **Company Likes It**—Leland I. Doan, president (cover), was asked if he would be disturbed if employees ultimately became majority owners of company stock. He said it wouldn't worry him a bit.

"If that is socialism," he said, "I can stand that brand."

• **Workers Happy, Too**—The reaction of employees who have bought stock is equally interesting. Some of them have not continued to hold what they bought. They are happy because they made a capital gain on the transaction—the difference between the discounted price and the market price. But those who have bought stock and kept it give the most impressive testimony.

A sampling of Midland employees by BUSINESS WEEK produced such comments as this:

"I have bought three times when the stock was offered. I wish I had bought before."

"This stock is as good an investment as any I could make."

"I never felt I could buy stock before. Now I have bought three times."

"I bought the first time but I cashed the stock to go to school. I am back at work now and I am buying again, this time to keep it."

"I never thought much of the stock market, so I never bought stock before. I have bought four times. I'll have to use some to pay for my son's education, but the rest I'll keep."

"I sold some to help buy a house, and I know others who have done the same thing. But I still have some stock."

"I bought stock twice, and my boy is buying stock, too."

• **Union Blessing**—Interest in Dow stock stretches all the way from the president's office to the union hall.

A secretary in President Doan's office was as excited as any Wall Streeter when the word came recently that a stock dividend was being declared.

When the first plan was announced, union members asked their local if it was O.K. to buy stock. Union officials



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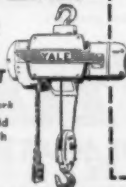
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"... we don't put out a rule and say it is in effect. We let them in on it ..."

DOW starts on p. 76

generally oppose stock buying on the theory that stock ownership makes company men, not union men, out of workers. But the Dow workers who asked their local union (the largest United Mine Workers local) were given no such line. At first, the question just wasn't answered. When the latest plan was announced, union members were told outright that the union didn't object.

• **Good for Morale**—Dow management believes that employee stock ownership is conducive to sound labor relations. They apparently get no argument from Harold Bowers, president of the UMW local, who sees no weakening of the union's position.

He recalls that when there was a strike in 1948, one veteran employee who held \$75,000 in stock was working in the union's soup kitchen and exhorting the strikers to stick it out.

Bowers almost outdoes the company people in pointing out the favorable labor climate. "We have exceptionally good labor relations here," he says.

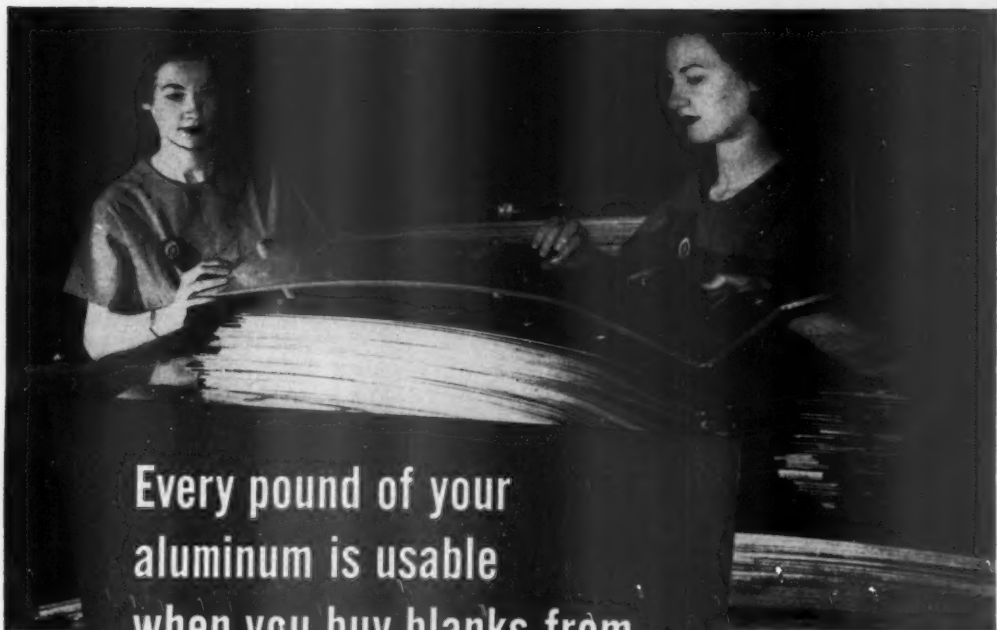
There are other places where labor relations are good, but Dow runs high above the average, according to Bowers. He surprises visitors when he shows them the union hall. On one wall are pictures of John L. Lewis and Michigan's Governor Mennen Williams. On another wall is a portrait of Willard Dow, former Dow president and probably the only company president to be thus honored by a union with which he dealt.

• **Few Grievances**—Both the union and the company are proud of their joint record on grievance cases. Gripes are scarce as hen's teeth. Each Friday afternoon, the union committee discusses workers' individual problems and decides what grievances, if any, to present to the company the following Tuesday.

"Then they won't be grievances any more, because they will be settled once and for all," says Bowers.

He gets agreement on that, and unusual cooperation, from James Driver, Midland personnel director, and Richard F. Freeman, Midland labor relations director. We don't put out a rule and say it's in effect. We let them in on it," says Driver.

• **Management Policy**—Driver recalls with pride such steps as the establishment of an employees' credit union in 1937, the adoption of a full-scale non-contributory pension plan in 1947 when it had not even been asked by



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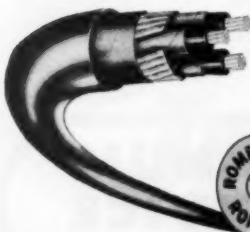


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the union, the jointly operated job evaluation program dating back to 1942.

The company management feels that one of its basic responsibilities and functions is to provide employees with economic education. He took the HOBBSO (How Our Business System Operates) plan and streamlined it to Dow's needs. Everybody in the entire company has been covered by the program, which includes three 14-hr. sessions.

Before it was announced to any groups of employees, it was first shown to the union committee. The committee did not support the program officially, but all members except one did so personally.

• **Profit Sharing**—The entrance of the union into employer-employee relations marked the end of the company's old profit-sharing plan.

Board chairman Earl W. Bennett, who joined the company in 1900 as bookkeeper, smilingly recalls that the profit-sharing plan got started in 1901. That year, he said, business had been pretty good, so Herbert Dow gave a turkey to each of his employees.

Bonuses were paid from time to time after that, but it was not until 1915 that a formal profit-sharing plan was put into operation. Payments were rather handsome for many years. In some depression years, though, the profits to be split were so small that employees threw their checks away in disgust. The checks were welcome again as profits built up after that. The last profit-sharing check was issued on July 16, 1941. It was then the union came in and said it wanted more money in the pay envelope, and no more profit-sharing.

• **Big Financing**—Bennett, who is the financial genius of the company, had much to do with a recent financing operation that produced a check for \$100,425,000. This represented proceeds last July from the sale of \$100-million principal amount of 3% convertible subordinate debentures—the biggest financing on record for this particular type of security.

Funds will be used by Dow in connection with its continued expansion program. In the past five years, the company's capital expenditures were \$441-million. In that same period, sales went from \$130-million a year to \$400-million plus. That volume, however, was less than forecast for 1952 but not enough to discourage Dow management looking toward the long-term future. President Doan expects the company to spend at the rate of \$100-million a year for the next two years on further construction. Chairman Bennett said: "At Dow we build in boom times to keep up with the demand; we build in slump times for the future; so we never stop building."



EVERYONE Loses In This STOP And GO Battle

The time and money lost in traffic congestion has never been fully estimated, but it is a staggering total that grows each year.

The number of motor vehicles in use today exceeds the estimate for 1970. Traffic on main roads and city streets has increased by 50% since 1941. Yet we are trying to move 52,000,000 cars, trucks and busses over roads built twenty-five years ago.

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4-Way Incentive

Plan used by General Controls Co. aims at keeping everyone happy—production and service workers alike.

At first glance, any incentive plan would seem to be a solution to a company's production problems. But not every incentive plan proves to offer incentive. Such schemes often are the target of sharp criticism because (1) unions look on them as "speedup systems" in which management gets more out of the extra effort than labor and (2) employees don't like to be pitted against each other in a race for company-set goals.

As a result, management is still looking for the perfect incentive plan—one that everyone likes. One approach is a scheme like Dow Chemical Co.'s employee stock purchase plan (page 76). It gives everybody an interest in better production by giving them a chance to buy stock. If the stock goes up, everyone gains.

By itself, though, that type of over-all incentive doesn't directly reward individual effort, as many companies think it's necessary to do. The big problems of these direct rewards is how to manage them without causing a lot of grievances.

• **Combines Payoffs**—General Controls Co., Glendale, Calif., maker of automatic controls for aircraft, home, and industry, thinks it has found a way to wed the advantages of an over-all incentive plan with those of individual payoffs.

The basic plan set up by General Controls is going into its 10th year. This week the company looked back over the system as it got ready for another expansion in a new Skokie, (Ill.) plant. Since the plan was last overhauled in 1948, the company's volume of business has doubled (to something over \$13-million).

What sets General's plan apart from most is its comprehensiveness. It covers:

• **Factory workers**, and some people in repetitive office jobs, who are paid production bonuses measured against company-set standards.

• **Nonproduction employees**, whose output can't be measured by units.

• **All employees**, through a companywide, hourly bonus determined by over-all efficiency.

• **Seniority**, based largely on individual production records.

• **How It Works**—Backbone of the plan is the direct production worker. He earns his base pay only until he

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reaches two-thirds of the standard on the job (the standard is figured to be 100%). After that, he gets his base plus 54% of the remaining 33-1/3% that it takes to make up the standard. That means if he just meets the 100% standard he is earning 18% over his base pay (54% of 33-1/3%). If he produces 130% of standard he earns 34% over base (54% of 63-1/3%).

On top of that, the production worker shares in the plantwide bonus scheme. This is designed: (1) to iron out inequities in job rates; (2) to reward indirect labor; (3) to create some of the cooperation a purely individual incentive system loses; and (4) to bridge periods of low efficiency when a worker has to take on a new job.

The plantwide bonus starts when the company's total production reaches 105% of standard. Above that, 14-an-hour is added to the base rate of all employees for each 1.2% increase in efficiency. Right now the plant is running at 127%-128% of standard. That figures out to an 184-an-hour bonus for each employee.

Put together, this package for a factory worker works out likes this: Say he is performing at 130%, the plant at 128%, and he earns \$1.50 an hour base. Under the plantwide bonus he gets 18¢ added to his base, for an adjusted base of \$1.68. His performance rating is 1.3 (based on the 54% formula), which—multiplied by \$1.68—gives him \$2.18 an hour, 68¢ above the base.

For service workers, General Controls has set some standard measurements, but mostly it solves the problem by simply giving them half of the average bonuses of the production workers. Besides that, of course, they share equally in the plantwide payoff.

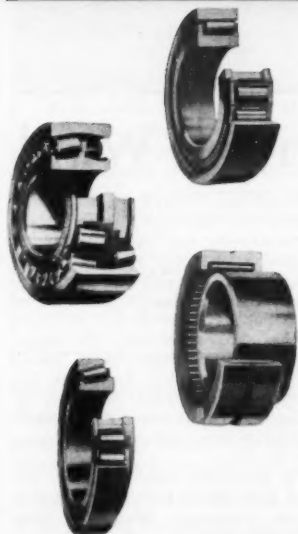
• **Seniority**—Though efficiency is the goal of any incentive system, such plans may fail when cutbacks force layoffs. That is because it isn't always the better worker who keeps the job, but the man who has been there longer.

To lick this problem, General Controls has three categories of seniority. Production workers whose output is 100%-110% of standard would be the first to feel the axe during a drastic layoff. Those in the 110%-125% category are a step above in preference. At the top are those producing at 125% for eight months or more. When a layoff goes that far, they lose or keep their jobs on the basis of length of service alone.

Alvin W. Ray, one of the family who run General Controls, was author of the plan. It was installed before the International Assn. of Machinists (AFL) organized the company in 1944. Ray thinks proof of its fairness is the fact that IAM insists now that the plan be kept as part of the contract.



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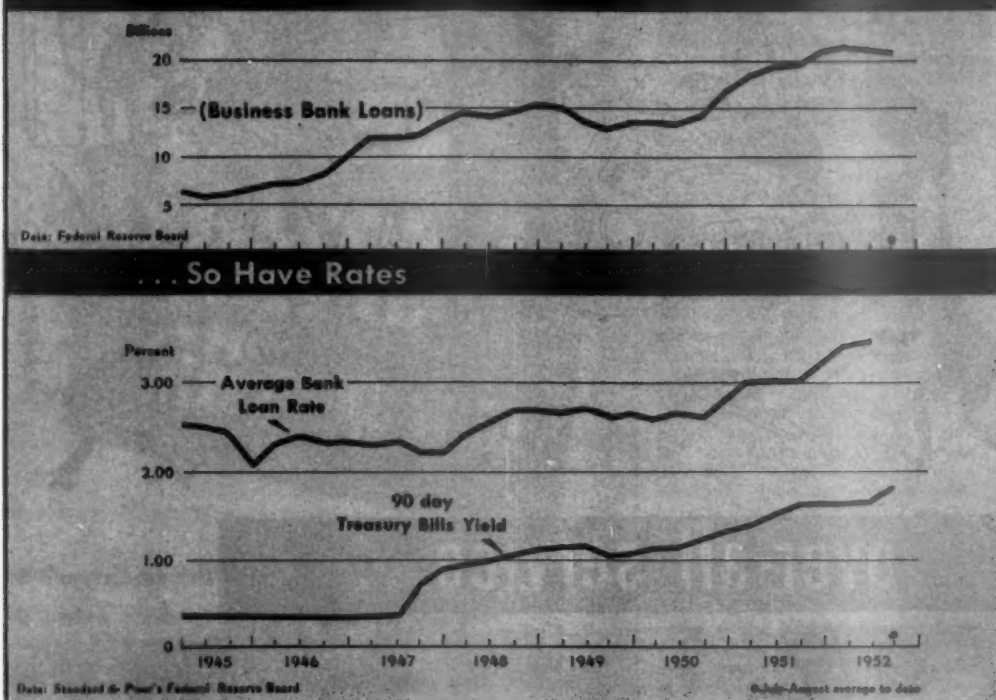
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FINANCE

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... So Have Rates

And Still More Boosts Are in the Wind

Money is already tight—with the season coming up when the demand for loans usually jumps sharply.

Are you planning to borrow from the banks this fall?

Then prepare for another addition to your costs of doing business. Very likely you are going to find yourself called on to pay the highest rate of interest you've been assessed on your bank loans in years.

Money has tightened up considerably (BW—Aug. 9 '52, p. 90). It's not expected to loosen much over the near term, either. And for a very good reason: If you look at the records, you'll see that the time of year is here when normally the demand for business and agricultural loans starts to rise very sharply. As a result, despite the stiffening already seen in money rates over the last year or so, the odds now seem about three to one that on your new

loans you face a borrowing cost well above the highest up to now in the postwar period.

• **Forecast**—How much of an increase is likely? And when are the rates to be "officially" hiked?

Naturally, much depends on the region of your operations. For while total borrowings of member institutions from the Federal Reserve Banks have ranged as high as \$1.4-billion lately (the heaviest demand for such credit since March 1933), money conditions in some areas have proved considerably tighter than in others.

Among New York City banks—whose Federal Reserve borrowings have been hovering around a \$500-million level—it is generally believed that a hike is likely within 60 days. Many say they

would be very surprised if the so-called "prime rate"—the going rate for borrowers enjoying the highest credit rating—wasn't at a 3½% level by Oct. 1, as against the 3% rate now prevailing. Some even think that the rate may be pushed up as much as 4% to 3½%.

• **Other Sectors**—Already the major Manhattan banks have started hiking other borrowing rates. Last week, for example, interest rates on loans to brokers secured by other than government issues were pushed up 4%, to a 2½% level.

It's significant, too, that the National City Bank—the world's second largest commercial bank—this time went along with its rivals in the hike. Last December, when major Manhattan banks tried a similar upping of the broker-loan rate, they failed because City refused to go along.

• **Treasury's Troubles**—This time, New York broker's loan rates aren't the only

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"While few realize it, the future of our kind of life is involved in the kind of communications policies we have. All over the world, the avenues of communications are in the hands of the state. Only in the United States do we have a free, privately owned system. We want to keep it that way."

— An official statement of June 4, 1949, by Senator Ernest W. McFarland, Chairman Senate Communications Subcommittee, Senate Interstate and Foreign Commerce Committee, and Majority Leader.

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straws in the wind. Last week, the Treasury was forced to pay the highest interest rate in at least 10 years on its weekly issue of 91-day bills. It was able to dispose of them only at an average rate of 1.903%—against 1.788% a month earlier. In the 1951 third quarter, the average was around 1.53%.

What's more, subscriptions to the Treasury's recent exchange offering of one-year 2% certificates of indebtedness for \$2.4-billion of 1½% similar obligations now coming due showed an "attrition" rate of 16.8%. Holders of some \$2-billion of the maturing certificates proved willing to make the exchange, but holders of the other \$400-million preferred to take cash for theirs, presumably because they felt that they could get a better "earnings rate" elsewhere.

According to Treasury officials, "We didn't do so badly considering the tight money market." But Wall Street holds some dissenting opinions on that point. Even though the 2% coupon on the new certificates represents the highest rental cost the Treasury has paid on one-year money in over 20 years, many Streeters think the deal denotes continued reluctance on the part of Treasury officials to recognize the basic changes that have been taking place in the money-rate picture in the last year or so.

• **Facts of Life**—What the Treasury still fails to realize, according to dissenters, is that it is no longer the boss it once was of money market proceedings. Control of the U. S. money supply now rests with the Federal Reserve System. That's been the case ever since the Treasury-FRB "agreement" to let the Fed end its support of the government bond market by pegging prices at artificially high levels.

That puts the money market on pretty much a normal supply-and-demand basis. That money should be tight at the moment isn't so surprising. After all, employment, prices, trade, and loans are at extremely high levels. What's more, we are entering a period when it's expected that we will see a "normal" seasonal expansion of loans get underway while, at the same time, the government will need new funds to cover its anticipated deficit.

Many Wall Streeters say, however, that the Treasury still refuses to acknowledge these facts of life. True, in the recent exchange offer, Washington did boost the coupon on the proffered issue to 2% from the old certificates' 1½%. But that, these dissenters argue, didn't indicate much realism on the part of Treasury officials. After all, weren't they being forced to pay over 1.90% for only 90-day money?

• **Fed's Thoughts**—Last week saw commercial loans of the New York banks above \$7½-billion, about \$600-million

An Urgent Call for Action

PROGRESS DEMANDS:

*Immediate Replacement of a Dangerous,
Obsolete Tax Law Provision*

THE CASE: The normal, healthy growth of America's industrial strength is being seriously hampered, and its military security threatened, by a depression-born tax provision of the U. S. Bureau of Internal Revenue. This obsolete provision retards plant modernization by encouraging the retention rather than the replacement of obsolete productive equipment. Both obsolete machine tools and obsolete laws must be replaced.

This damaging provision, (Bulletin "F" of the BIR—a 1942 revision of Regulation TD-4422), arbitrarily established the useful economic life of a majority of new machines at 15 to 30 years. Inequitable from the start, it has become increasingly unfair, because the rapidity of continuing technological advances now renders most machine tools obsolete, on the average, every 7 years.

Bulletin "F" continues to flout reality by forcing industry to adhere to an extended period of tax write-offs on new equipment, based on the arbitrary 15 to 30 years life span estimate. This long-term—but short-sighted—depreciation policy means that a replacement and modernization program is, for all companies, extremely difficult, and, for many, economically impossible.

An Example

Let's take a look at the grim results of the existing regulation:—

In 1949, over 43 per cent of the machine tools in use in this country were ten years old or older . . . and at least 95 per cent were more than 10 years old in design.

Consider the fact that a new machine today costs more than twice as much as a comparable machine, vintage 1934, and may become obsolete *twice as fast*.

What does this mean to the manufacturer? Take the case of a company owning a machine tool for which it paid \$5,000 in 1942. Let us assume the machine has a 20-year life, according to the present tax schedules. Thus, by 1952, the company would have recovered \$2,500 of its original investment in the machine. It wants to replace that machine with new, high-speed equipment—but replacement costs \$10,000.

If it is the company's policy to finance new equipment out of current earnings, it must earn approximately \$15,000 under a Federal income tax rate of 50% (disregarding the

Excess Profits Tax) to provide the additional \$7,500 for the new machine—yet it can recover the \$10,000 invested in the new machine only at the rate of \$500 a year! For most companies, such a financial burden can be unbearable.

Penny-wise, Pound-foolish

TD-4422 was a depression expedient to increase tax revenue by about \$94,000,000 a year. In terms of short-range tax collections it has *seemed* to be profitable. Yet the tax collections on the increased *earnings* that would result from a more far-sighted tax regulation unquestionably would far outweigh the present revenues.

While this additional tax revenue on increased productivity is being lost, our industrial strength, too, is being sapped by these depreciation rates—the poorest of any major industrial nation. We are senselessly stunting our economic growth and weakening our national security by lowering plant efficiency in thousands of small and medium-size companies.

Small and medium-size producers are the sub-contractors of big industry, and comprise the backbone of our industrial economy.

Ironically, our government fully appreciates the fact that accelerated tax write-offs stimulate and quicken plant modernization, and increase production.

Proof is the fact that the government has granted many firms the privilege of 5-year amortization of capital equipment (under Certificates of Necessity). This was done to provide an incentive to purchase new high-speed machine tools, thereby gaining the added production urgently needed for defense.

How sensible and how logical it would be if government offered a similar incentive to *all* industry—without resorting to such devices as "Certificates of Necessity"!

The reduction in tax revenue resulting from discretionary write-offs would be negligible—while the potential *gain* in new revenue and industrial strength would be tremendous.

The Remedy

An immediate amendment to the Internal Revenue Code, enabling each individual manufacturer to write off his investments in equipment at whatever rate he may elect.

This urgent need transcends party lines.



Reprints of this page are available.

BIBLIOGRAPHY: May, '52, *Capital Goods Review*, MAPI; McDonald Statement to Senate Subcommittee; *Technological Stagnation in Great Britain*, MAPI; *The Iron Age*, July 3, '52, pg. 113—also *The Iron Age*, May 15, '52, pg. 98.

JONES & LAMSON MACHINE COMPANY

Department 1710 Springfield, Vt., U.S.A.

Turret Lathes—Fay Automatic Lathes—Thread Grinders—Optical Comparators—Threading Dies & Chasers



WET-STRENGTH, as well as grease-resistance, is an inherent quality of Patapar Vegetable Parchment. When moist products are wrapped in it there is no fear that Patapar will weaken and disintegrate. It remains intact and strong as long as you wish.

Food wrappers:—Because Patapar is made from pure cellulose it imparts no odor or taste to delicate foods. Patapar safeguards sensitive flavors.

Patapar resists grease and oils

If fat, grease or oil is a packaging problem, Patapar takes care of that, too. A special new lightweight type of Patapar (27-21T) is so grease-proof that it prevents grease "crawl" completely. Drops of oil placed on it are stopped dead in their tracks.

Tackles all sorts of problems

As a packaging material Patapar protects such products as butter, bacon, poultry, celery, lard, ice cream, margarine, putty, machine parts. It is used for rubber mold liners, for wrapping hospital articles to be sterilized in live steam, as a separator for tiny batteries, for drafting paper, and many other purposes.

Business men: Send for Booklet T. It's full of information about Patapar and its 179 different types. If you wish samples tell us the application you have in mind.

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HI-WET STRENGTH • GREASE RESISTING
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Bristol, Pennsylvania
West Coast Plant: 340 Bryant St., San Francisco 7
Sales Office: New York, Chicago
Headquarters for Vegetable Parchment since 1885

heavier than a year ago. This means that banks, lacking surplus funds and already heavily in hock to the Federal Reserve, can increase loans sharply only by sale of short-term government bonds or new borrowing from the Fed.

The Federal Reserve Board, some well informed folks say, doesn't consider seasonal expansion of business loan demand "inflation." On this theory, the board might not be concerned if bank borrowings were to run up another \$1-billion to the neighborhood of \$2.5-billion in the months ahead. It's the Fed's function to supply banks with funds to finance business' legitimate needs, the board is said to believe. And it wishes banks weren't so reluctant to rely substantially on rediscounts for such money.

• **Whose Move?**—That sounds logical enough, too. After all, if the Federal

Reserve thought its rediscount total was getting too large, all it need do would be to raise its loan rate from the 1½% figure that has prevailed since late 1950. Leaving it at that level certainly is an invitation to borrow. For the proceeds of advances from the Fed can be reloaned at an interest rate well above their borrowing cost. And, too, the interest that is paid on them can be deducted from earnings of the borrower before he figures up his income tax bill.

• **Up to Banks**—Obviously, any time the Fed raised its discount rate the commercial banks would immediately hike their loan charges. But smart Streeters doubt very much that the Fed would wish to force the banks' hand. The board undoubtedly would prefer that the banks adjust their rates on their own.

LIFE COMPANIES

STILL PREFER CORPORATE BONDS

	New Investments Acquired				Distribution of Total Assets			
	January-June				June 30,		December 31,	
	1952	1951			1952	1951		
	% of	% of			% of	% of		
	Amount Total	Amount Total			Amount Total	Amount Total		
BONDS								
U.S. Govt.	\$2,166	29.7%	\$3,376	48.0%	\$10,309	14.7%	\$11,793	17.9%
Municipals	50	0.7	100	0.9	1,095	1.5	1,147	1.7
Foreign Govt.	76	1.0	131	1.2	1,449	2.1	1,508	2.3
Total Govt.	2,292	31.4	3,607	50.1	12,853	18.3	14,448	21.9
Indust. & Misc.	1,763	24.2	1,447	12.9	12,238	17.4	10,157	15.4
Public utility .	455	6.2	450	4.0	11,184	15.9	10,497	16.0
Railroad	204	2.8	147	1.3	3,379	4.8	3,134	4.8
Total Corp. .	2,422	33.2	2,044	18.2	26,801	38.1	23,788	36.2
STOCKS								
Preferred	40	0.5	57	0.5	1,480	2.1	1,423	2.2
Common	43	0.6	81	0.7	668	0.9	594	0.9
Total	103	1.4	138	1.2	2,148	3.0	2,017	3.1
MORTGAGES								
Farm	206	2.8	352	2.3	1,619	2.3	1,457	2.2
Nonfarm	1,767	24.2	2,663	23.8	18,716	26.6	16,389	25.1
Total	1,973	27.0	2,915	26.1	20,335	28.9	18,046	27.4
Real estate	116	1.6	100	0.9	1,693	2.4	1,499	2.3
Policy loans	271	3.7	285	2.6	2,646	3.7	2,510	3.8
Misc.	110	1.5	108	0.9	3,858	5.5	3,419	5.2
Grand Totals ...	\$7,295		\$11,197		\$70,334		\$63,727	

N.B. All figures are in millions of dollars. Data furnished by Life Insurance Companies.

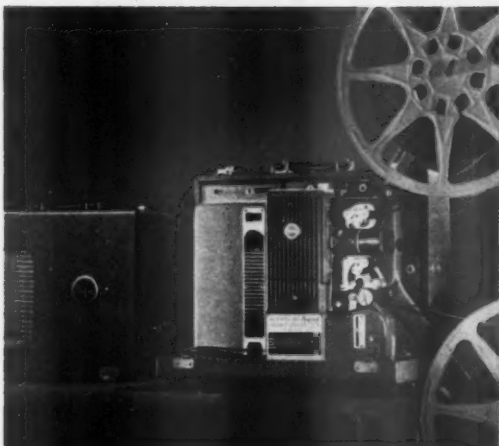
In Quest of Higher Yields

Since World War II, U.S. life insurance companies have been persistently cutting down on their once huge accumulation of government bonds. The process is still going on, with corporate bonds getting the lion's share of the reinvested assets, as well as the new money that is constantly pouring

in. Nonfarm mortgages are in the runner-up spot.

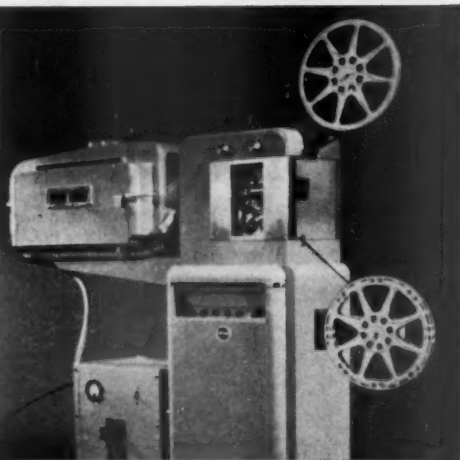
The idea behind these shifts, of course, is to get higher yields.

This trend showed up last week in the Institute of Life Insurance's report on the portfolios of U.S. life companies at midyear. With \$70-billion



KODASCOPE PAGEANT SOUND PROJECTOR

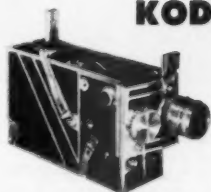
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21

Please send me information on the products checked: ☐ The Kodascope Pageant Sound Projector; ☐ Model 25; ☐ Cine Special II; ☐ Table Viewer; ☐ Kodaslide Projector.

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lion of assets, the life companies are the largest private investing group.

Of course, the insurance companies are still buying government securities. If you compare the companies' total holdings of governments as of the end of 1951 and mid-1952, you'll see that the total is now \$1.5-billion lower. In other words, the companies have let some of their government securities mature without buying the refunding issues, and have sold others.

• **Places to Go**—In their shift from government bonds, which parallels that which followed World War I, the life companies have only three major outlets: industrial bonds, public utility bonds, and mortgages. In the last couple of years, their holdings of utilities have leveled off. But they continue to invest in the other two types at a fast clip. During the first half of 1952, for instance, about twice as high a percentage of their new investments was in industrial bonds as during the same 1951 period.

As with other institutional investors, the industrial bond is gradually taking the place in their portfolios held a generation ago by the rail bond. Back in 1922, for instance, about 21% of assets were in rail bonds, compared with a tiny 0.7% for industrials. Today the picture is almost reversed since the rails are no longer an expanding industry. Rail bonds have declined to 4.8% of total assets while the industrials have increased to 17.4%.

• **Higher Yields**—In their mortgage investments, the life companies are taking a lot less Veterans' Administration and Federal Housing Administration paper. They're now buying the higher-yielding type of conventional mortgages.

The companies are continuing to put more money in real estate, mostly in commercial properties bought on leaseback deals, and rental housing. But holdings of preferred and common stocks have increased only slightly, and have declined on a percentage basis.

Dollar-a-Day Plan Buys Stock

A Rochester, N. Y., investment man is expanding his system whereby people put a fixed monthly sum into stocks.

In Rochester, N. Y., people think particularly well of the stock of their hometown enterprise, Eastman Kodak Co. But lots of people in Rochester who could afford to buy stocks don't own shares of Kodak or any other company. Some years ago that gave an investment man named H. Dean Quinby, Jr., an idea.

Why not work out a plan whereby people could apply the principle of "dollar averaging" (buying regularly rather than according to ups and downs of the market) and save a fixed amount of dollars out of income to buy Kodak? If enough people could be brought into such a plan, the stock could be bought in round lots, cutting down on commission fees.

• **Going Concern**—Quinby thought up his plan in 1938. Since then, the 2,500 investors who have signed up with him have accumulated about 60,000 shares of Kodak (now selling around \$46 a share). In 1950, Quinby added Du Pont common, and set up an office in Wilmington, Del. Now he is adding the common stocks of Standard Oil Co. (N. J.) and General Motors Corp. because his customers have asked for diversification.

• **The Setup**—Here's how the Quinby Plan works: You decide to put a fixed amount monthly into Kodak, say \$25. You keep paying your \$25 each month for 10 years. At the end of that time you have put \$3,000 into the stock. Your monthly payments have of course

bought varying amounts of stock during the period, as the market price of Kodak has gone up and down. Dividends, both in cash and in stock, stay in your account. The cash is used to buy you more Kodak.

Quinby & Co. acts as "sponsor" for the plan. Obviously, it doesn't work for nothing. It takes 50% of the first-year payments as a "creation fee," plus a much smaller percentage in later years. On a \$3,000 plan, the total fee percentage would be 6.8%. This pays for selling, legal, statistical, and administrative costs.

The Lincoln Rochester Trust Co., which acts as custodian for the stock, handles the buying and accounting. Its custody fee is an extra 2.4% of the total on the \$3,000 plan.

Lincoln Rochester buys the stock in round lots (100 shares). Suppose your monthly contribution is \$25 and you have been in the Plan over a year. Other contributions come in, and the bank has enough to buy a round lot at \$35 a share, or \$3,500 for the round lot. Brokerage commissions, taxes, and postage add about \$30 to the costs. So, for purposes of allocation, 30¢ is added to the price of each share. Since you paid in \$25, less \$1.10 in fees, you have acquired exactly .6771 shares.

• **Odd Lots**—But of course the amount of money to be invested would rarely work out exactly into the market price of a round lot, plus expenses. So Quinby & Co. maintains a "revolving fund"

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Fastenings of brass—Naval bronze—silicon bronze. Fastenings of Monel—nickel—all stainless steels—aluminum. Any type of fastening—bolts—nuts—screws—rivets—studs—washers—cotter pins. The H. M. Harper Company produces them all—one source of supply—the largest manufacturer specializing in production of fastenings of non-corrosive metals.

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of cash and stock with the custodian bank. The custodian draws on this to:

- Supply odd lots (less than 100 shares) when the total of funds available for investment—including cash dividends—is more or less than a round lot on any business day.

- Supply "decimal shares" when total funds available on any day aren't enough to buy one full share.

- Supply or buy back decimal shares for investors who wish to round out their holdings when completing their plans or when dropping out.

- **Objections Overruled**—It was tough getting this plan started. People would say: "Why should I pay Quinby to buy Kodak for me? I can buy my own." But it has caught on, particularly since the war. People can see the advantage of watching their paid-in cash rise in the market value. It has doubled for those who started the Kodak plan 10 years ago. It might have been a different story, however, if the stock market had been going down in the last few years, instead of up.

War Insurance

Government is ready to launch aviation war risk insurance and to set up marine insurance as standby.

The government is preparing to go into the insurance business—to protect commercial shipping and aviation against losses caused by war hazards in cases where such protection cannot be obtained from private insurance companies.

The aviation war risk insurance program—a new undertaking by the government—is slated to get under way by early 1953. It may be sooner, if needed funds can be obtained without waiting for the new Congress to appropriate them.

The marine war risk program, on the other hand, will be put into effect shortly but only on a standby basis. It will be used only in the event of a war involving any one of the four major powers.

- **Private Policies**—Private insurance companies write war risk coverage—against loss and damage to ships and planes, to cargo, and to personnel. But their marine policies contain a clause that automatically cancels coverage of the hull and of personnel 48 hours after the outbreak of hostilities involving any of the major powers. Cargo, once insured, is covered to the point of destination.

- **Government Role**—At the time when this clause was invoked in World War II, the government replaced the insur-



NYLON TAKES THE STARCH OUT OF A FILTER PROBLEM

This producer of cornstarch had a problem with the filter cloths he used to remove starch from a liquid solution. They would clog up with starch after only 3 days' use—the water couldn't filter out. He changed to filter cloths made with Du Pont nylon fibers and found they could be used for 30 or 40 days before they plugged up.

When filter cloths clog with starch, equipment has to be stopped for the cloths to be cleaned or replaced. When this was done every 3 days, it meant wasteful downtime, slowed production.

By using nylon cloths, the producer raised his starch-filtering rate at least 20% . . . and without the purchase of any new equipment. The answer:

starch just doesn't stick as readily to fine, smooth nylon fibers.

The filter cloths of resilient nylon lasted about 10 times longer than the previous cloths. They were easier and more quickly cleaned with pressure hoses . . . and with little risk of tearing.

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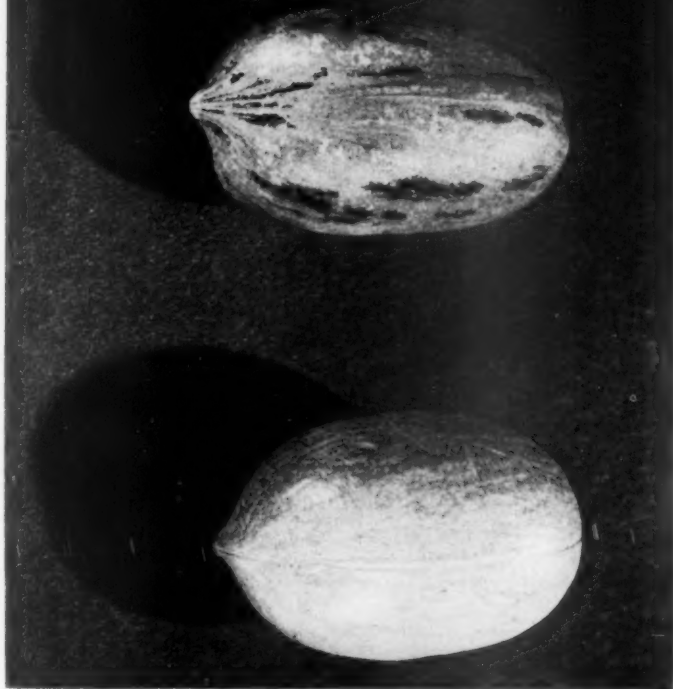
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ance companies as underwriters for American shipping. The war risk program was directed by the War Shipping Administration, and a top marine insurance executive, Percy Chubb, was brought to Washington to handle it. A syndicate of marine insurance companies acted as insurance agents for the government, selling and servicing the federal policies.

• **New Law**—The program met with approval from all concerned. In 1949, industry began a push for a new law to permit a similar plan for use in an emergency. Such a law was voted in September, 1950.

It provides for government-underwritten marine war risk insurance whenever the Secretary of Commerce determines, and the President agrees, that such insurance is no longer available on the commercial market under reasonable terms and conditions. In effect, that's any time the 48-hour cancellation clause in private policies is invoked.

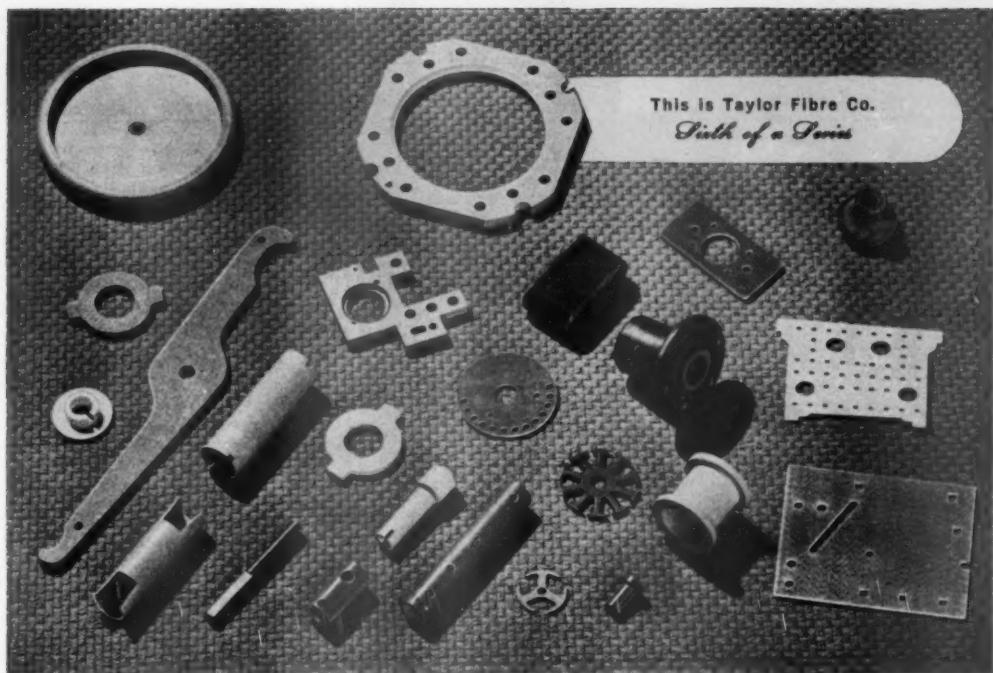
The next step, due within a few weeks, is a formal order providing for the issuance of binders by the Maritime Administration. These binders, purchased for a nominal fee, give the ship owner full coverage during the time between the expiration of his private company policies and the payment of his premium on his new government insurance.

Premium rates will not be set up unless and until the government underwriting program actually is put into effect. At that time, too, the government will start writing regular cargo insurance for the shippers.

• **Aviation Risk**—The major airlines wanted a similar law. Last year a bill authorizing government aviation war risk insurance was enacted, paralleling the marine war risk program. Secretary of Commerce Sawyer handed the responsibility of reading this program to the new Defense Air Transportation Administration.

There is one important difference between the current aviation and marine war risk insurance setups. Marine war risk coverage still is available on the commercial market at "reasonable terms and conditions," so there is no immediate need for a government program. Aviation war risk insurance, however, can still be obtained from only one underwriter. And this policy includes a 48-hour cancellation clause, a provision not acceptable to the air carriers. So the Air Transport Assn., which represents the major airlines, is urging immediate activation of the program.

The association's contention is that commercial air carriers are subject to war hazards in many parts of the world, for which insurance is not available from private companies at reason-



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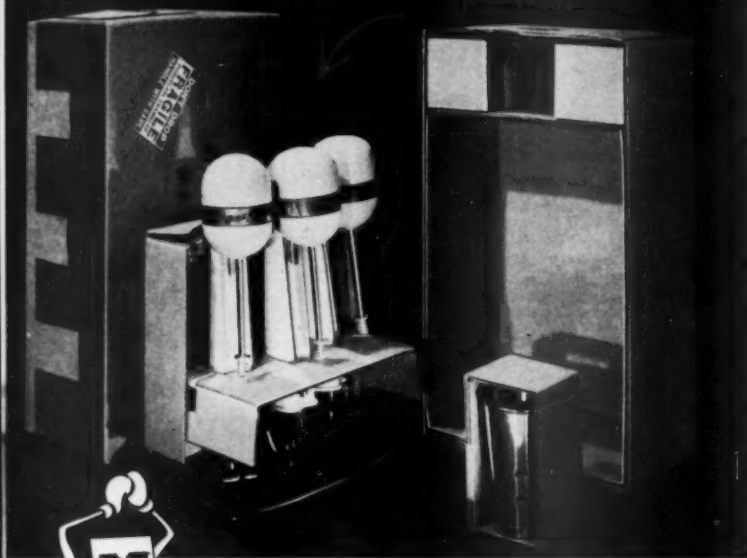
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able rates. On the Korean airlift operation, for example, the Defense Dept. had to "self-insure" the commercial planes it used, guaranteeing to pay for any losses.

• **Up to Sawyer**—The final decision is up to Secretary Sawyer, when he reviews the program as drawn up by DATA within the next few weeks. If he agrees with the airlines, which appears likely, and then gets President Truman's approval, the government can go into the insurance business.

But there is still one hitch—money.

Until the program attains a self-sustaining level from premium revenue, some sort of reserve setup must be established. No appropriation request was made to handle this contingency, when the Commerce Dept. Budget for fiscal 1953 was sent to Congress, because the program wasn't ready then.

Furthermore, it was believed that if it became necessary to acquire such funds, they could be drawn from the department's appropriations for defense agencies under its control.

But Congress slashed these appropriations deeply just prior to adjournment, leaving no margin for any shift of funds to the aviation war risk insurance program.

FINANCE BRIEFS

Corporate flotations hit the \$2.9-billion figure in the 1952 second quarter. That's the highest for the period in 23 years, Securities & Exchange Commission reports. However, only \$1.8-billion, or 60%, of the securities involved were sold publicly; institutions took the rest in direct seller-to-buyer deals.

Colonial Airlines' stormy petrel, Sigmund Janas, Sr., and his family have sold virtually all their holdings in Colonial. In May, 24,900 shares were sold to Lawrence Rockefeller, and in June 16,000 shares to Flumen Corp., all at a price of \$10.50 a share. Janas still thinks the pending Colonial-Eastern merger (BW—Aug. 2, p. 34) is "in the best interests of all."

Too many states have acquired a post-war habit of living beyond their means, says the Tax Foundation. In fiscal 1951, it reports, 27 states spent more than they received; only one did so in fiscal 1946, only 16 in 1948.

Mutual savings bank deposits added up to \$214-billion at midyear, the National Assn. of Mutual Savings Banks reports. Just 10 years earlier they totaled less than \$10.4-billion. Now 50 mutuals can boast of more than \$100-million of deposits; there were only 19 back in mid-1942.

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The Directors of Chrysler Corporation have declared a dividend of one dollar and fifty cents (\$1.50) per share on the outstanding common stock, payable September 12, 1952 to stockholders of record at the close of business August 18, 1952.

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Chairman, Finance Committee

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Dividend No. 43 on Common Stock

A regular quarterly dividend of 40¢ per share has been declared, payable September 20, 1952, to holders of record at the close of business on August 26, 1952 on the Common Stock of Atlas Corporation.

WALTER A. PETERSON, Treasurer
August 7, 1952.

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THE MARKETS

Some Disappointing 1952 Performers

	1951 Close	—1952 Price Range—			Recent Level	
		High	Low	Last	vs. 1952 High	vs. 1951
Abbott Laboratories.....	\$59.00	\$64.50	\$49.25	\$51.00	-20.9%	-13.6%
Allegheny Ludlum Steel....	45.50	46.88	36.12	37.50	-20.0	-17.5
American Woolen.....	36.75	37.25	25.87	27.25	-26.8	-25.2
Bristol-Myers.....	34.25	35.37	27.25	28.37	-19.8	-17.1
Cerro de Pasco.....	53.75	58.25	39.25	43.75	-24.9	-18.9
Commercial Solvents.....	31.00	35.12	20.62	21.62	-38.4	-30.3
Crown Cork & Seal.....	19.00	19.75	14.50	14.75	-25.3	-22.4
Deep Rock Oil.....	56.62	63.87	48.75	49.75	-22.1	-12.1
Emerson Radio & Phonograph	15.00	15.75	11.50	11.62	-26.9	-22.5
Fairbanks, Morse.....	27.75	27.50	21.62	22.50	-18.2	-18.9
Food Mach. & Chem.....	53.00	56.25	42.25	44.25	-21.3	-16.5
Heyden Chemical.....	24.00	24.37	16.00	17.37	-28.7	-27.6
Kaiser Aluminum & Chemical	37.75	38.37	25.87	29.50	-23.1	-21.9
Loew's, Inc.....	17.25	18.25	12.50	13.25	-27.4	-23.2
Masonite Corp.....	34.00	33.50	25.12	26.50	-20.9	-22.1
Minneapolis-Moline.....	24.50	24.12	16.87	17.37	-28.0	-29.0
Monsanto Chemical.....	105.75	109.50	89.00	91.75	-16.2	-13.2
National Distillers.....	34.12	34.12	25.00	27.75	-18.7	-18.7
New Jersey Zinc.....	80.50	80.00	61.62	63.50	-20.6	-21.1
Parke, Davis.....	57.12	58.00	42.12	46.50	-19.8	-18.6
Chas. Pfizer.....	42.00	42.25	33.25	34.62	-18.0	-17.9
Rohm & Haas.....	142.00	153.00	110.00	114.00	-24.3	-19.7
Textron, Inc.....	18.37	18.75	12.75	13.75	-26.6	-25.2
Virginia-Caroline Chemical	27.12	29.37	20.37	22.62	-23.0	-16.6
Wilson & Co.....	12.37	12.87	9.62	9.87	-20.1	-23.3

The Market's Achilles Heel

This week opened with another sharp break in the stock averages and indexes. Coupled with last week's shakeout, it is pretty good proof of what Wall Street bears have been pounding for weeks: There are too many soft spots in today's bull market for it to be healthy.

In spite of the fact that the over-all market indicators have shown stock prices at postwar highs, there are plenty of issues whose 1952 performance has disenchanted their owners (table, above).

Most notable in this list of 25 issues is the ethical drug group. These stocks were in the limelight during the early stage of the current bull market, because of the tremendous possibilities of the wonder drugs they were producing. But plenty of competition has helped push down prices of some drugs. Plenty of research has pushed down production costs, bringing cheaper drugs. Furthermore, the excess profits tax has hurt earnings.

• **Excess Profits**—Industrial chemicals, too, have run into trouble. Lower dollar volume of sales, plus EPT, have hurt their earnings prospects. That's why

you see big drops in prices of shares like Heyden Chemical, Commercial Solvents, Rohm & Haas, and Monsanto. Stocks of the distilling companies, which are closely allied to the chemical and drug groups, have also taken a beating.

Plenty of other stock groups are represented in the list. Allegheny Ludlum, considered a growth stock in the unromantic steel group, has suffered a sharp drop in earnings this year. Some Wall Streeters are talking about a possible dividend cut. Wilson & Co., a meat packer which has suffered from the price-ceiling troubles common to the industry, recently passed its quarterly dividend.

Among other industries whose 1952 earnings prospects are below what they were in 1951 are: the movie makers, textile manufacturers, nonferrous metal producers, roofing and wallboard manufacturers, and farm equipment companies. All have their representatives in this list.

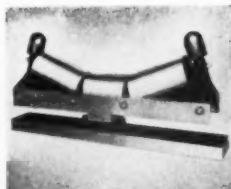
• **Strain on Oil**—Even the oils, which until very recently have been bull market pets, have been showing signs of



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wear and tear. Amerada, which was as high as \$235 earlier this year, has dropped about \$52. Skelly Oil, which hit \$1024 this year, is now around \$83. Another example is Deep Rock Oil, which suffered sharp losses in earnings due to a strike.

These stocks, of course, are not outstandingly poor performers of the current market. They are just representative of a great number of issues which are acting as if the bull market shown by the over-all price barometers didn't exist.

How the "Pros" Have Been Doing: a Case Study

The common stocks most favored by "pro" money managers have been a long way from sensational in performance this year. That stands out strongly in the compilation below, which covers the year-to-date record of the commons most largely held by the investment trusts at the end of 1951.

It's true that the few utility and rail issues on the list have, on the whole,

been turning in above-average performances. But not the industrials, whose 41 issues make up the bulk of the favorites. Of them, 18 (or 44%) recently showed losses. On the average, the 41 showed a gain of only 1.9%. That's small potatoes compared with the 7.6% gain chalked up in the same period by Standard & Poor's daily industrial stock index.

Rank*	Trusts Owning Shares	Common Stock Issue	1951 Close	1952 High	Recent Level	1952 Gains Maximum	Now
1	24	Amerada Petroleum.....	\$147.25	\$235.00	\$186.75	59.6%	28.2%
2	71	Standard Oil (N. J.).....	75.75	85.00	78.62	12.2	3.8
3	71	Gulf Oil.....	54.62	58.62	52.67	7.3	-3.7
4	62	Continental Oil.....	56.25	75.00	62.12	33.3	10.4
5	63	International Paper.....	49.00	51.75	50.37	5.6	2.8
6	61	Texas Co.....	56.12	60.37	55.00	7.6	-2.0
7	55	B. F. Goodrich.....	61.75	72.87	66.75	18.0	8.1
8	71	Kennecott Copper.....	85.75	92.12	81.50	7.4	-5.0
9	72	General Electric.....	59.50	64.12	63.75	7.8	7.1
10	47	Standard Oil (Cal.).....	50.87	64.25	58.25	26.3	14.5
11	49	Monsanto Chemical.....	105.75	109.50	91.75	3.5	-13.2
12	64	Union Carbide & Carbon.....	63.62	68.00	65.50	6.9	3.0
13	50	Dow Chemical.....	116.00	126.00	117.25	8.6	1.1
14	68	Westinghouse Electric.....	39.87	41.75	40.50	4.7	1.6
15	53	E. I. du Pont.....	92.00	92.00	89.25	-3.0
16	62	Phillips Petroleum.....	51.00	62.87	57.25	23.3	12.3
17	51	American Cyanamid.....	59.37	62.25	53.50	4.8	-11.0
18	49	Standard Oil (Ind.).....	74.75	92.00	80.25	23.1	7.4
19	55	Montgomery Ward.....	67.50	67.50	65.25	-3.3
20	58	United Gas.....	24.75	29.12	26.75	17.7	8.1
21	40	Sears, Roebuck.....	50.00	60.50	59.25	8.0	5.8
22	56	Bethlehem Steel.....	51.50	54.87	50.75	6.5	-1.5
23	25	Humble Oil.....	77.50	86.50	73.50	11.6	-5.2
24	43	United States Steel.....	39.87	42.25	40.00	6.0	0.3
25	31	Skelly Oil.....	92.00	102.25	84.50	11.1	-8.2
26	50	American Gas & Electric.....	60.12	63.50	58.75	5.6	-2.3
27	35	Aluminum Ltd.....	106.00	125.50	110.00	18.4	3.8
28	39	Phelps Dodge.....	38.87	38.00	36.37	-1.0	-5.2
29	49	Middle South Utilities.....	22.50	25.12	24.62	11.7	9.4
30	45	Johns-Manville.....	68.00	78.75	77.00	15.8	13.2
31	56	General Motors.....	52.00	61.62	60.75	18.5	16.8
32	46	Celanese Corp.....	52.12	51.62	43.87	-1.0	-15.8
33	49	Southern Pacific.....	69.50	88.25	84.25	27.0	21.2
34	51	Socony-Vacuum Oil.....	35.12	40.62	37.00	15.7	5.4
35	52	Central & South West.....	17.25	19.00	18.75	10.1	8.7
36	46	Niagara Mohawk Power.....	24.62	28.00	27.25	13.7	10.7
37	34	International Nickel.....	42.25	48.12	46.87	13.9	10.9
38	39	Cities Service.....	101.50	114.00	102.00	12.3	0.5
39	38	American Viscose.....	66.75	69.87	68.25	6.3	4.7
40	27	Int'l Business Machines.....	218.50	221.00	219.00	1.1	0.2
41	25	Panhandle Eastern P. L.....	59.50	81.00	74.50	36.1	25.2
42	42	Atch., Top. & Santa Fe.....	74.75	92.62	90.00	23.9	20.4
43	50	Pure Oil.....	62.62	69.25	62.37	10.6	-0.4
44	41	American Tel. & Tel.....	156.25	157.12	154.25	0.6	-1.3
45	28	Chas. Pfizer.....	42.00	42.25	34.62	0.6	-17.9
46	29	Shell Oil.....	69.00	87.00	74.25	26.1	7.6
47	42	Chrysler Corp.....	70.00	82.50	81.12	17.9	15.9
48	46	Youngstown Sheet & Tube.....	50.37	50.50	44.62	0.3	-11.4
49	44	Ohio Oil.....	54.75	60.87	53.25	11.2	-2.8
50	26	National Lead.....	30.50	33.00	31.12	8.2	2.0

* Based on market value of 1951 yearend holdings, according to Aigeltinger & Co.



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Signal Corps Asks Industry...

...How Can Business Methods Help Military Procurement?

1 company said:

Signal Corps should limit bidders to companies having adequate manpower and facilities

5 companies said:

Pricing negotiations should be improved by including the contracting officer in them

4 companies said:

Schedules should be set up realistically, based on production possibilities, not operational needs

2 companies said:

Samples should be tested at contractor's plant

1 company said:

Quality control should divide rejects into groups with major and minor flaws

1 company said:

Bids should be acknowledged by postcard

8 companies said:

Materials allocations are no problem

1 company said:

Quotations should not be asked for small quantities of parts already ordered in large quantities

How to Speed Up Military Buying

Signal Corps, once favorite goat of industry, reforms procedures on basis of questionnaire.

For years Signal Corps ranked near the top of industry's hate list on military contracts. It was an agency where you had to dot all the i's and cross all the t's on innumerable forms before you could hope to get an answer to even a simple modification question. As for payment, companies sometimes had to wait so long for their money that they got sick of the whole business.

Now Signal Corps has changed its attitude—and industry likes it fine. Of course, changes take time, especially in the precedent-bound military. But the whole communications industry is be-

ginning to feel the shift. More important are the rumblings being heard in other Defense Dept. procurement agencies, which have been impressed by the way industry has received the improvements in Signal Corps.

• **Reactions**—Here's what industry is saying about the change. Radio Corp. of America finds that mountains of red tape are no longer thrown in its path every time it brings a problem to Signal Corps. Instead, there's a genuine feeling of cooperation, for the first time. Rex Corp. (insulating materials) reports that it's getting its money in jip time; and shipping instructions ar-

rive by the time the order is ready. Sylvania now ranks Signal Corps second only to the Navy on the list for efficiency.

• **The Man**—The man behind the change is Brig. Gen. W. Preston Corderman, who took over and consolidated the Signal Corps Supply Agency in Philadelphia early this year. His organization has charge of procurement, depot stocks, inspection, and paying invoices for all Army communications equipment, plus some widely used items for the other services.

At the start, Corderman found that he had a lot of talking to do with industry. In these daily contacts, he heard his command being constantly compared—unfavorably—with other procurement agencies. Hoping to correct this

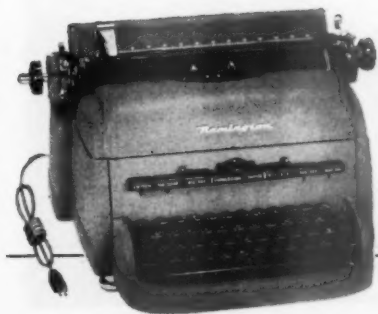


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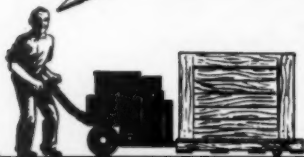
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condition, he decided that the best thing would be to find out what industry really liked and disliked.

• **Questionnaire**—In February, Corderman sent personal and confidential letters to 16 companies picked at random from the communications industry. The confidential part was to keep out soft-soap answers aimed at getting fat contracts or wrist slappings for contracts that had been lost.

The companies answered in language as frank as Corderman's questions had been. Eleven of the 16 companies responded immediately. One said that it spent six weeks drafting a reply; RCA sent in 14 pages of suggestions. After consolidating overlapping points, SCSA found that it had a 64-point check list for improving procedures—seven of these are shown on the chart above. Over-all, it was a huge payoff for a few hours of thought and 16 franked envelopes.

About 20 of the points raised by industry dealt with engineering or materials allocations outside the functions of a procurement agency. All SCSA could do was to forward the suggestions to laboratories and to agencies like Defense Procurement Materials Agency.

• **Get Togethers**—At the same time, SCSA decided to straighten out industry on the functions of procurement. It has been sending its top brass around the country for across-the-table talks with management. These chats have

taken a lot of the hurt feelings, mystery, and confusion out of procurement.

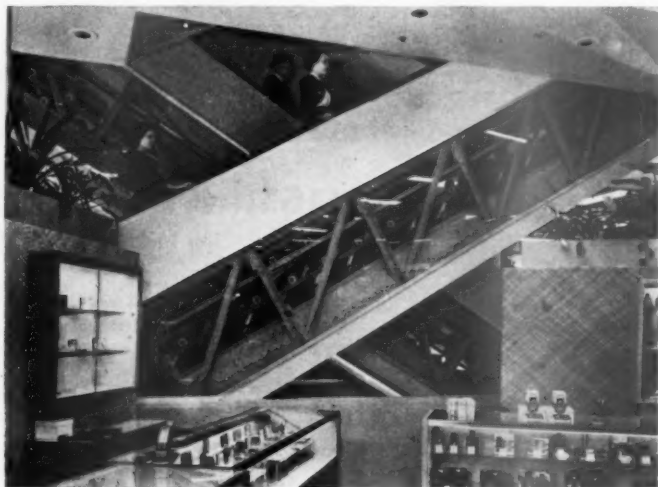
• **Action**—On most of the 40-odd points that did concern SCSA headquarters or its five branch offices, action has already been taken. Generally, they involved simple things, standard business procedures that should have been used all along.

One company suggested that SCSA send out postcards to acknowledge receipt of bids. The Air Force had been doing this for years, and the top men in Signal Corps did not realize that they had not been following suit. Now, all bids are acknowledged by postcards, along with a statement on roughly when to expect a final answer.

Another manufacturer recommended that quality control electrical rejects be divided into major and minor. Put into effect, the idea has meant a lot to the industry and little extra work for the inspectors.

• **Free Hand**—Still another company urged that regional offices be given more independence in dealing with contractors. SCSA checked and found that this feeling was widespread. There had been endless delays with rivers of paper work flowing back and forth between the district offices and Philadelphia. So Corderman got permission from Maj. Gen. George I. Back, Chief Signal Officer, to delegate the administration of much larger contracts to the branches.

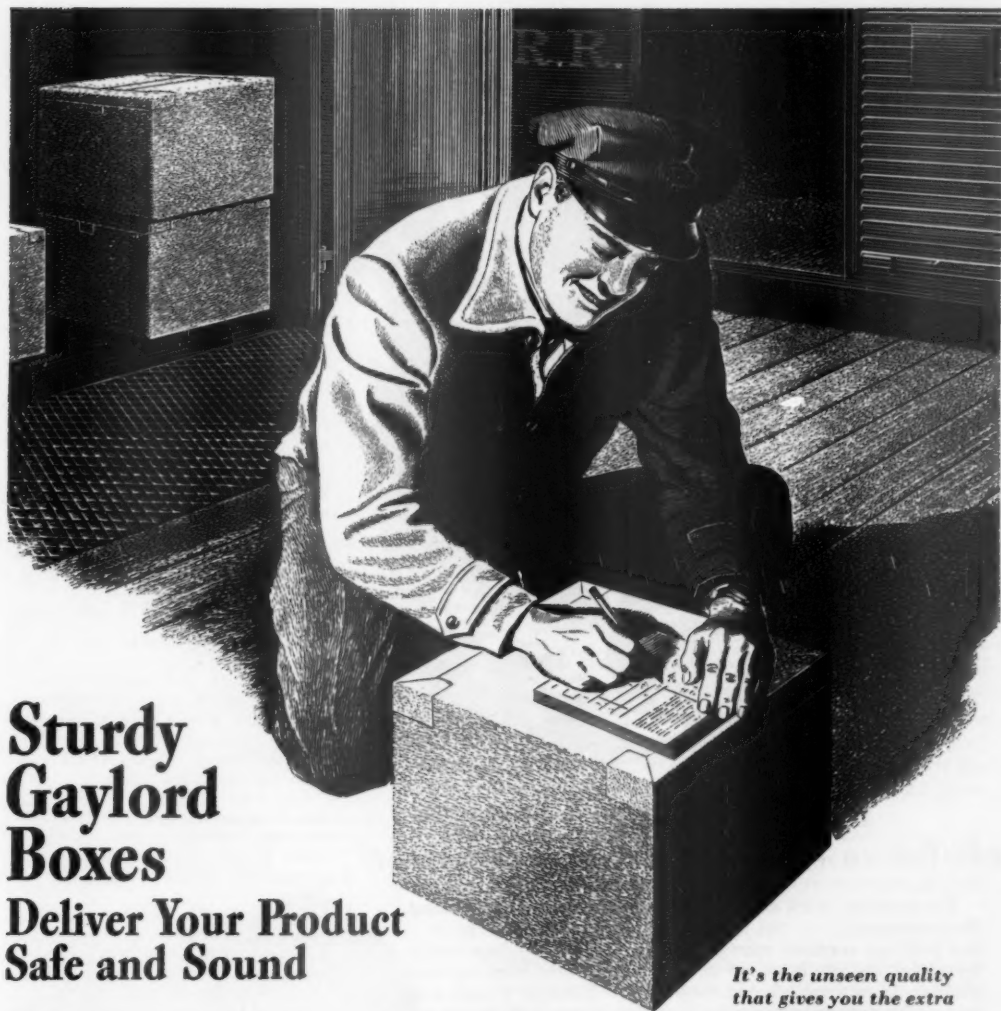
Formerly, district officers could make



Customers Like to See Wheels Go Round

Moving parts of the electric stairways installed in an annex of Rich's, Inc., main store in Atlanta, Ga., have been painted bright colors and a glass panel used to make

them visible to the store's customers. The Westinghouse-built stairways have borne out the confidence of store officials that they'd become an attraction in their own right.



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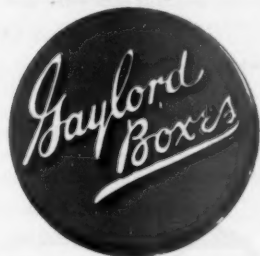
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The principal work of Taft-Peirce is contract manufacturing. Not occasionally . . . not off-and-on . . . not on a fill-in basis — but *full-time* contract manufacturing. Our tremendous manufacturing capacity is geared to serve your needs. Whether your problem is two special machines . . . two hundred complicated assemblies or twenty thousand precision parts, Taft-Peirce will guarantee top precision and low unit cost.

About Open Capacity . . .

Naturally, our 450,000 square feet of manufacturing area and 1,500 machine tools are pretty busy these days. But, occasionally, we have considerable open capacity — especially for small and medium-sized work. A note on your letterhead will bring you our most recent "Open Capacity Bulletin." It might help solve some of your production problems.

THE PRINCIPAL PRODUCT OF TAFT-PEIRCE IS SKILL

For Engineering, Tooling, Contract Manufacturing



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The Taft-Peirce Manufacturing Company, Woonsocket, R. I.

For immediate information and service call the Taft-Peirce representative in your area

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10700 Puritan Ave., Detroit, Michigan • 564 West Randolph St., Chicago, Illinois

final decisions in administering contracts up to \$25,000. Now the ceiling is \$100,000; and 1,207 contracts have been turned over to district offices. Only about 50 contracts are still held in Philadelphia. Mostly, they deal with extremely high priority stuff.

Philadelphia still lets all the larger contracts. But administering them at the district level means that these offices can write modifications, pay invoices, inspect, get procurement data, and generally expedite things without checking the main office.

SCSA is so encouraged by the results of its trial run, that it is now conducting a much larger and more representative survey of what industry wants. By the end of the year, it thinks the check list may have risen to 100 items. And it hopes that Signal Corps will be permanently scratched from the industrial hate list.

Standardization . . .

. . . extended to high-cost military items by GE. Program cuts cost 20% on some aircraft instruments.

Government procurement agencies showed signs this spring that they were finally using standards for widely used low-cost items (BW—May 31 '52, p. 56). But high-cost military and technical items were still out in the cold.

Last week General Electric Corp. announced an intensive standardization program on certain aircraft instruments which it says has saved the U.S. government "hundreds of thousands" of dollars.

• **Generators**—An example of the standardization is the GE instrument generator. The number of models of this generator has been reduced from 102 to two, without impairing quality. According to C. Howard Black, general manager of the GE Meter and Instrument Div., the standardization dropped the price per generator from \$28 to \$22—a cut of 21%.

Two other GE aircraft instruments were standardized with similar results. A speed indicator used on jet planes once was produced in 260 different models, now the number is down to 11. The price has dropped from \$110 to \$90. And General Electric reduced the number of position-indicating systems from five to three.

• **Mass Production**—The GE standardization program resulted from a study of the uses of the various instruments. Engineers found that a small percentage of the aircraft-instrument models produced could, if properly applied, satisfy all requirements.

FACTS YOU SHOULD KNOW ABOUT THE "clean-easy face finish"

ON PITTSBURGH CORNING GLASS BLOCKS



QUESTION . . . We're interested in saving construction dollars, as well as in cutting maintenance costs and making the most effective use of daylight in our offices and plants. What product should we use?



ANSWER . . . PC Functional Glass Blocks not only offer you the utmost in controlled, natural daylight, but they are simple to install and reduce cleaning and maintenance costs substantially. One reason for this is the exclusive "Clean-Easy Face Finish" on these blocks, explained here.

► The "Clean-Easy Face Finish" is a transparent coating applied to the surface of PC Functional Glass Blocks during manufacture. It repels water, prevents splashes of mortar and installation scum from adhering to the glass block panels. Thus, completed panels can be cleaned more quickly and easily. In fact, this finish cuts initial cleaning time in half. This means reduced installation costs.

Moreover, the PC "Clean-Easy Face Finish" results in a crystal-clean block face that is devoid of rough areas or marks in which dust, grease or other dirt particles can accumulate. Occasional rainfall keeps the exterior of the finished glass block panel clean, retaining the original beauty, light-transmitting efficiency, and control of daylighting inherent in the particular PC Functional Glass Block pattern.

In new building or the modernization of your plants, offices, laboratories, etc., let our specialists help you to make the most effective and economical use of natural daylight with PC Glass Blocks.

Other Facts: PC Glass Blocks reduce window breakage costs; admit an abundance of natural, controlled daylight; make more usable space available; cut heating and air-conditioning costs; eliminate distracting views; guard against too-great temperature variations; are immediately available.

Distributed by Pittsburgh Plate Glass Company; W. F. Fuller & Co. on the Pacific Coast; Canadian Pittsburgh Industries Ltd., Hobbs Glass Div., in Canada; and by leading distributors of building materials everywhere.

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6 x 9½	8½ x 11	11 x 8½
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7 x 11	9½ x 11½	11 x 17

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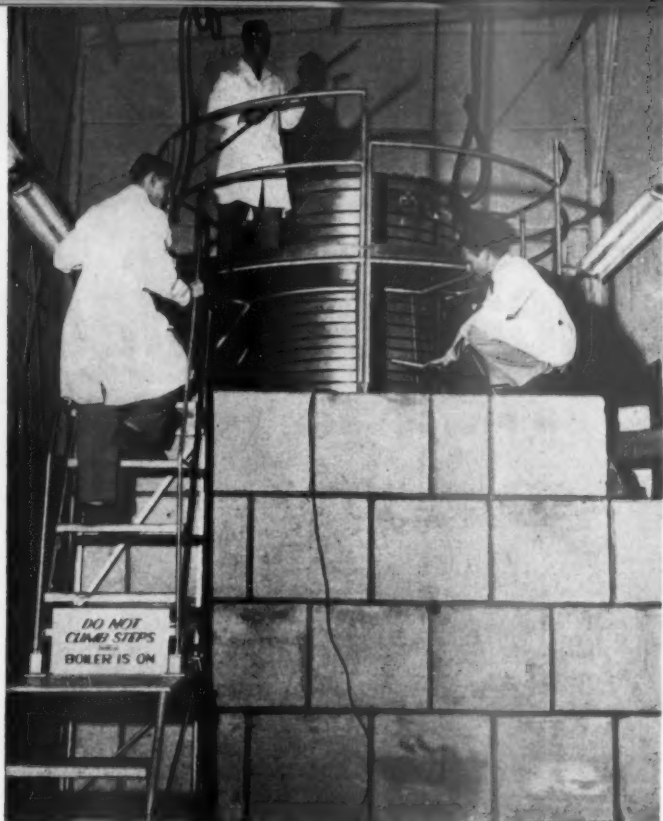
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BABY REACTOR, developed by North American Aviation, will . . .

Cut Atomic Research Costs

Pilot size model helps engineers predict what will happen in full-size reactors. It runs on less than one watt and needs only one engineer to keep it operating.

Atomic energy experiments have been costly undertakings because nuclear reactors and other atomic equipment are generally large, bulky, and expensive.

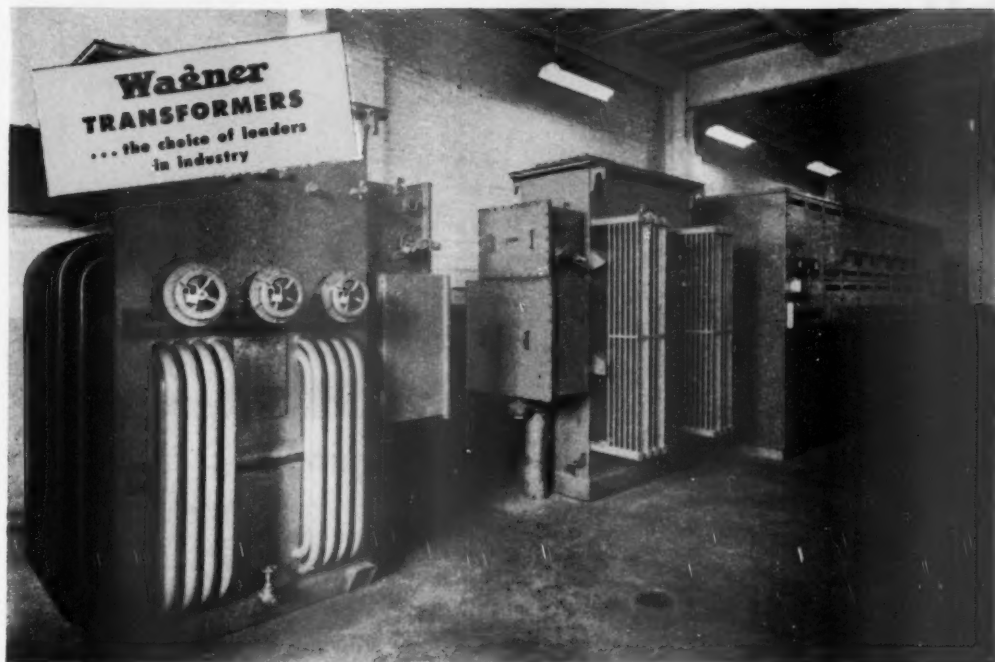
North American Aviation, Inc., figured that if special test equipment and pilot size models work in other fields, why shouldn't they work here? So last week it unveiled a new "baby" reactor, designed for use as a research tool. The small reactor which operates on less than one watt, will give information useful in designing all types of full-size reactors.

• **Fuel Economy**—According to Dr. Chauncey Starr, director of North American's atomic energy department, you can calculate theory only so far. Then experimentation is necessary. In building a power reactor, for instance, it is necessary to know how to arrange the different parts for economical use of the uranium fuel.

Materials to be tested are placed in one of several different types of units which fit on top of the baby reactor. Neutrons released by the reactor bombard the test materials and instruments check the amount of rays absorbed or caught by those materials. Starr says that after placing assemblies in the baby reactor it is possible to predict what will happen in a full-scale reactor.

• **Garage Size**—The baby reactor is similar in layout to other low power reactors. The difference is its low power makes a cooling system unnecessary. Complete with its two-foot thick wall of protecting concrete blocks, it is about the size of a one-car garage.

One of the beauties of the new reactor, according to North American, is its simplicity and low cost. Two engineers can start it and bring it to full power, and only one engineer is needed to keep it going.



kva to help *L.S./M.F.T.*

To make fine cigarettes takes not only fine tobacco—it takes careful attention to the treatment and handling of the tobacco through every manufacturing step from start to finish.

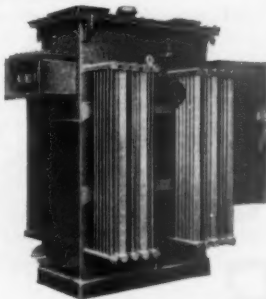
Constant humidity control, for instance, is absolutely necessary. That's why it's important to the American Tobacco Company that the source of electric power (kva) for humidity control—and for all other operations—be as unfailing as possible.

In the Louisville, Kentucky plant of American Tobacco Company this source of power is a distribution system consisting of five load-centers equipped with Wagner Unit Substation Transformers. Seven

Wagner Transformers are used in the installation.

Wagner Transformers are an important part of the equipment of many great industrial plants. In every case they are adding to their reputation for complete dependability . . . for unfailing service . . . that influenced American Tobacco to install Wagner Transformers.

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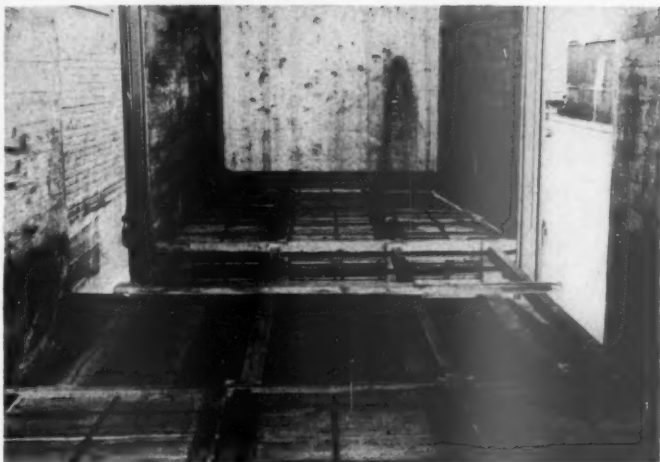
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PROCESSES, INC.**

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Pacific Coast —
Security Building, Pasadena, Calif.



If It's Worth Shipping . . .



. . . It's Worth Packing Right

The broken boxes in the top photo contained brass discs an eastern manufacturer shipped across the country by rail. They broke open in transit, and some of the discs got lost. Such things happen all the time. No one—the shipper, the consignee, or the railroad—likes it. For the railroad, it means paying damage claims and occasionally losing important business to rival carriers.

The bottom photo shows how this problem was licked. Union Pacific R.R. container engineers studied the damage and reported that the real fault lay in the design of the boxes. They suggested alterations in construction. The manufacturer took the advice. Since then, the company has had no trouble

shipping discs, and UP has had no claims to settle with them.

• **UP's Campaign**—UP's General Claims Department has been trying for a long time to cut down loss and damage bills, but improvements in freight handling don't just happen. They take a lot of planning and education, a lot of cooperation from railroad employees and from industry.

Here's what UP is doing:

• **Engineers** are available to investigate container failures. They consult with shippers to advise proper loading and stowing methods.

"If it's worth shipping," one of their pamphlets says, "it's worth packaging right."

• **Pamphlets**, a house organ, and

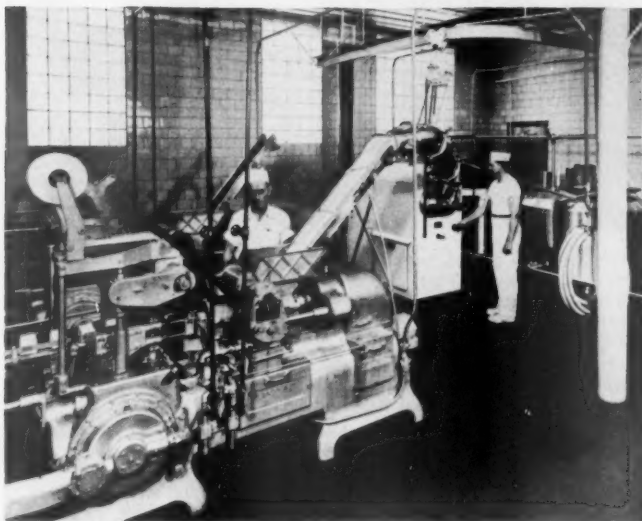
How can they keep a process down on the farm

... AFTER THEY'VE SEEN F.E.?



The little old churn on the farm sets the pattern for most commercial buttermaking. It's a batch method. You pour cream into a big mechanical churn, remove the churned butter by hand, and pack it into tubs. But creameries are adopting a better way—the food-engineering way: Out goes the churn; the entire plant is engineered into an automatic, continuous, instrument-controlled system. Cream goes in one end; packaged butter comes out the other. It tastes better, it keeps better, it's more sanitary. The system manufactures butter of excellent quality, in fewer man-hours, in far less floor space.

Food plants know which side their bread is buttered on. Not only dairies, but bakeries, breweries, canneries, meat plants. They know *food engineering* is vital in making yesterday's profit fit today's cost. So they're



"Gold'n Flow" Continuous Buttermaking Method developed by Cherry-Burrell Corporation; packaging machinery by Lynch Corporation. Photographed in the Wapiti Valley Creamery, Cedar Rapids, Iowa.

up-dating ingredients, packages, processes, handling methods, and physical distribution. They've made their industry the third largest market for modernization and replacement among manufacturers... in the next few years, one of the *steadiest* markets in all industry, according to a recent survey of buying plans.

If you are selling to modern industry, here's a market for you. And here's a superior advertising medium: **FOOD ENGINEERING**, which has tripled its paid circulation since 1940;—which consistently leads industry-wide readership polls (the latest, by Crossley Incorporated);—which carries more advertising than any competitor directed to the entire food-engineering market;—and which, under its new name and editorial formula, is showing a substantial gain in advertising pages.



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Common denominator of the food industry

How to Use Dodge Reports Effectively Recommends Building Business WITH

Trade papers and magazines blanketing America this month announce a great new Honeywell Merchandising Program "7 steps to greater dealer sales." An outstanding contribution to construction marketing. A master course in modern merchandising packed with money making ideas for heating dealers everywhere.

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16-mm. motion pictures are circulated to impress freight handlers with the importance of preventing freight loss and damage. Lectures and discussions are held frequently for supervisors.

• **A box car with one side made of Plexiglass** will start touring the company's 10,000 mi. of line in late fall. At various terminals, it will be loaded with cartons and crates, then deliberately subjected to rough treatment. Employees can then see how damage occurs and how it can be prevented.

• **Claims Are Cut**—The UP program is beginning to pay off, with biggest dividends coming from the packaging service. UP's railroad freight loss and damage bill for 1948 was an all-time high of \$5,998,062. It has dropped 30%, thanks to the preventive program. Last year the payout was down to \$4,179,689.

PRODUCTION BRIEFS

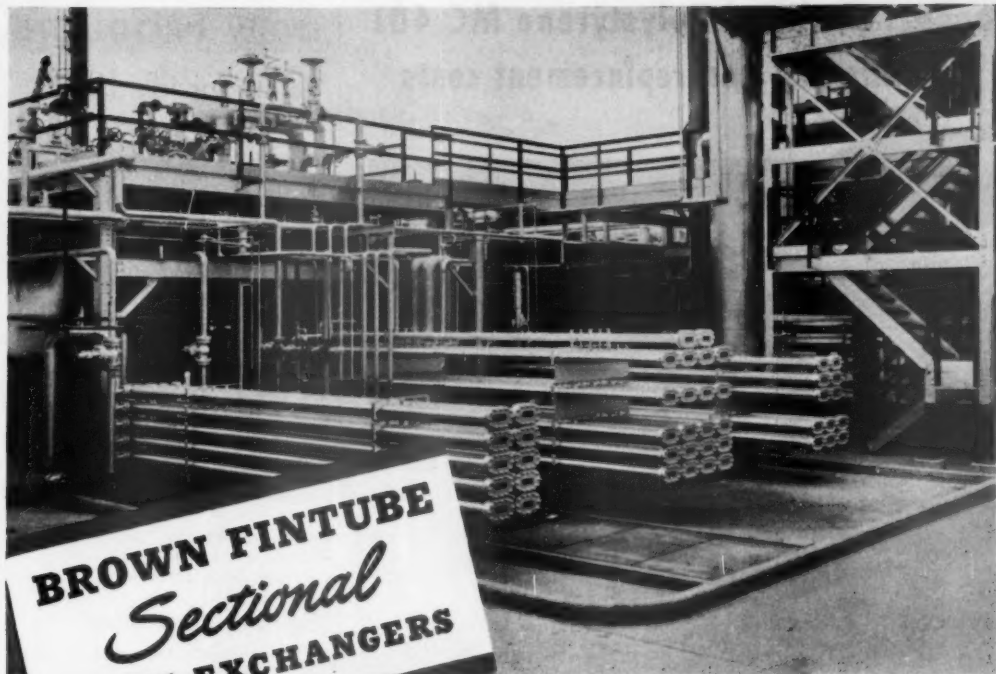
Radioactive polonium-210 may now be purchased at Oak Ridge for research use. It's the first reactor-produced radio isotope to be sold that emits alpha particles. It can also be used as a source of high-energy neutrons.

• **Monsanto has begun operation** of a new plant at Seattle, Wash., to produce semirefined vanillin in an attempt to overcome a 10-year shortage of the flavoring. It will be produced from lignin, a wood pulp industry byproduct (BW—Jun. 14 '52, p. 112).

• **Trimming tooling tabs** from aircraft skin sections has been stepped up at Temco Aircraft Corp. in Dallas. A set of small hinged jigs and a hand router have been developed which prevent damage to skins and eliminate the tedious job of cutting with hand shears or band saw.

• **Computer service** for industrial organizations, government, and researchers is now offered by Computer Corp. of America, 149 Church St., New York 7, N. Y. Idea is to furnish industry with solutions to problems in aerodynamics, servo-analysis, mechanical engineering, chemical processing, and thermodynamics.

• **Thicker plate** can be formed into boilers faster and hence more cheaply with a new hydraulic press recently installed at the Barberton (Ohio) plant of Babcock & Wilcox Co. The press bends 42-ft. plate, 6 in. thick, into fewer, bigger boiler sections. The same monster press also makes rough hollow forgings that can be used as headers in more powerful steam generating plants.



Reduce spare parts inventories releasing buried millions for better use . . .

● Through the design and manufacture of our standardized heat exchanger *Sections*, Brown Fintube has salvaged millions of dollars that previously were rusting away in spare parts storerooms.

FOR EXAMPLE: When your engineers buy 4 or 20 or 50 different types and sizes of specially designed, single purpose exchangers, you have to buy 4 or 20 or 50 sets of parts. These parts cost almost as much as the original equipment . . . and there is the added expense of handling the parts — and storing them.

BUT: A Brown Fintube heat exchanger for a given requirement, consists — not of a special unit, suited for only one specific duty — but instead, the required number of standard *Sections*, connected in proper

series, parallel or series-parallel arrangement. Thus, only a small supply of parts serves as sufficient stores for all the standard sections in your plant — cutting parts inventory by as much as 82%.

FOR INSTANCE: In the installation photographed above — different groups of standard Brown Fintube *Sections* are performing 6 different heat transferring duties — and just a small handful of inexpensive parts serves as adequate stores for all 42 *Sections*.

Reduced obsolescence; less costly maintenance; greater efficiency and continuous operation without shut-downs — are some of the other advantages of Brown Fintube *Sections* that we would like to discuss with your group. *We can really save you money.*



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Storage Tanks



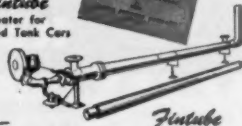
Fintube
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Processing Tanks



Fintube
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Railroad Tank Cars



Fintube
Direct Fired
Air Heater



Koppers Modified Polystyrene MC 401 cuts shipping and replacement costs



● Koppers new Modified Polystyrene MC 401 combines the toughness and shock resistance of "high impact" polystyrenes with desirable characteristics of regular polystyrene. This combination of qualities is not only making better products available to the public; it is also paying handsome dividends to molders and manufacturers in the form of fewer rejects and reduced shipping and replacement costs.

The Shredaid, above, made by Standfast Products Company*, features Koppers MC 401 in its handle and lid. It provides smooth, easily cleanable surface as well as the necessary resistance to pressure and impact... all important points for customer appeal. The manufacturer mentions additional, money-saving advantages due to the shock resistance of Modified Polystyrene MC 401:

"Since we have used the new MC 401, we have reduced the cost of our shipping cartons about 18%... and we can say that the cost of replacements due to breakage in transit, which formerly cut heavily into our profits, has gone down by a very substantial percentage."

Perhaps the characteristics of Koppers Modified Polystyrene MC 401 may be exactly what you need for your present or future products. It is available in a complete range of standard or special opaque colors. Its shock resistance, toughness and attractive finish suggest this Modified Polystyrene for toys, refrigerator parts, household appliances and housewares as well as for battery cases and a wide variety of packaging applications.

WRITE FOR FREE BULLETIN C-2-161-X which details molding characteristics, physical and chemical properties and other information about Koppers Modified Polystyrene MC 401. This bulletin also contains technical information about Koppers high impact Modified Polystyrenes MC 185 and MC 301. You can call on Koppers for technical assistance in developing new product applications for all Koppers Plastics. Phone, write or wire, and a Koppers representative will gladly call to discuss your problem.

*Cleveland, Ohio

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and Many Better Products Possible



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NEW PRODUCTS

Safety for Idle Hands

All sorts of safety devices have been developed over the years to guard operators of such machines as punch presses and power shears from getting their hands in the works. The newest method, Hazatrol, teams up a radium-bearing wristband and a Geiger counter to keep a machine from operating until (a) the operator's hands are out of the danger zone or (b) his hands are in a specified safe zone.

The instant the worker's hands wander into the danger zone or out of the safe zone, the Geiger counter picks up the radiation from the wristband and operates an anti-trip device. And, unlike cases where beams of light are used to detect danger, the radiation can't be cut off by movements of the materials going in and out of the machine.

• Source: Modern Air Corp., 400 Preda, San Leandro, Calif.
• Price: About \$160.

Self-Inflating Float

A pocket-size life preserver called Res-Q-Pak is being introduced for fishermen, airmen, boaters, and swimmers. Deflated, it's no larger than a pack of cigarettes. Inflated with just a squeeze, it blows up into a Vinylite waterwing filled with carbon dioxide. The manufacturer claims it will float a fully-clothed 250-lb. man.

• Source: Montgomery Merchandise Mart, 5903 Wilson Lane, Bethesda 14, Md.
• Price: \$2.

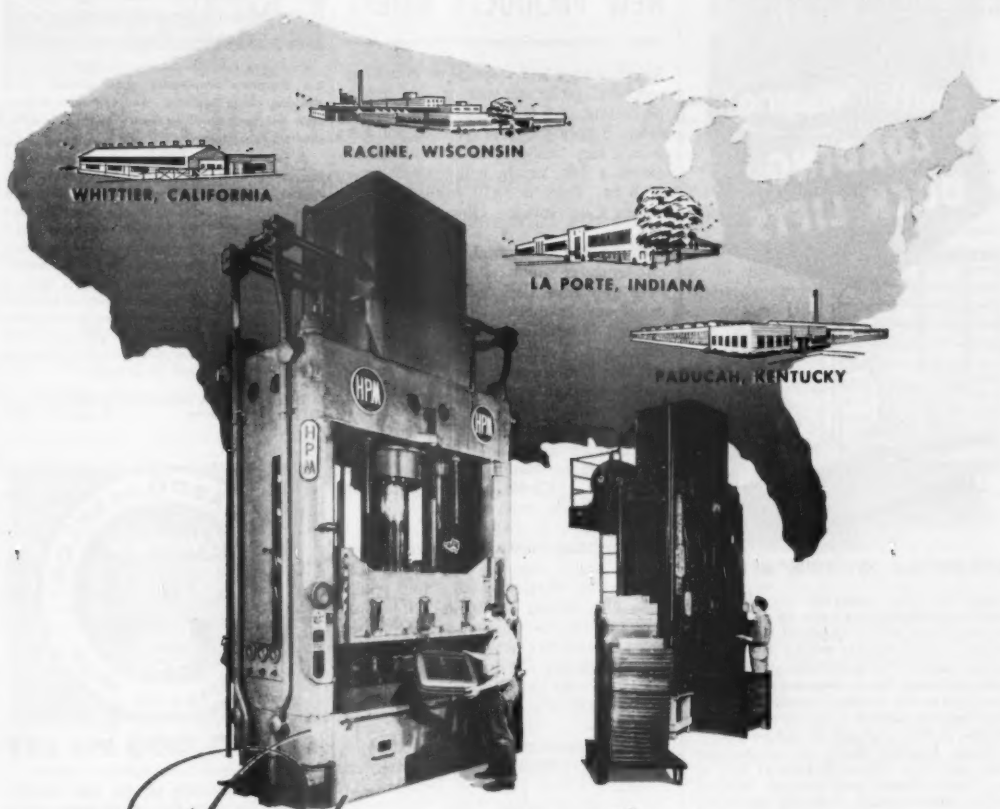
Keeps Fabrics Dry

Shield is a new water-repellent chemical for clothing, upholstery, rugs, convertible tops, tents, awnings, and many other fabrics. It's a silicone-base material, with a fast-drying solvent added. The solvent evaporates quickly and leaves water-repelling chemicals in the fabric.

To use Shield, you spray or dip the fabric until it is saturated and shiny wet. Fabric dries in 5 min. to 1 hr. Treated fabrics can be dry cleaned, laundered up to four or five times without renewing the application.

Ironing the fabric is said to make the water-repellent chemicals more durable. The manufacturer claims that materials treated with Shield hold a press longer, too, because the stuff repels the press-destroying moisture.

• Source: Surface Protection Co., 16,799 Euclid Ave., Cleveland 12, Ohio.



Performance

PROVEN IN MODINE PLANTS COAST-TO-COAST... **H-P-M's**

Modine, one of America's leading manufacturers of heat transfer equipment, is another long-time user of H-P-M All-Hydraulic Fastraverse Presses. Yes, you'll find H-P-Ms at work in every one of the up-to-the-minute Modine plants... presses ranging from 100 to 500 tons... handling a multitude of sheet metal drawing operations. Men at Modine will tell you that for many years H-P-M presses have been playing an important part in their operation—stepping

up production...cutting costs...and maintaining rigid standards of quality. H-P-M is proud of this long association and doubly proud of the fact that the outstanding performance of H-P-M presses on a wide variety of jobs has warranted installations in all Modine plants.

Whatever your machine or production problem, you'll benefit by H-P-M's 75 years of specialized experience in the field of hydraulics. Invite us in at the planning stage, won't you?



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Unloading raw materials . . . loading finished products just back up truck and loading dock lift is adjusted to correct height . . . industrial trucks to roll on and off easily. No chain lifts, pry bars or costly manual labor necessary. Wayne Dock Lifts do it all . . . with valve or push button control of quick acting hydraulic system. Adjusts to any height.

From loading docks to production line, there's a Wayne Industrial Lift to save time, labor and money. Wayne Lifts include ramps, sidewalk elevators, material lifts, cross over bridges, service lifts and others. Every one custom engineered to the needs of your plant. Designed and built to help you safely move materials faster and at lower costs. Write for Wayne Industrial Lift booklet.

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NEW PRODUCTS BRIEFS

Mulch-Vac, a leaf disposal or mulching machine, picks up wet or dry leaves by suction, cuts them into a fine mulch, blows it back to the ground or collects it in a bag. Self-propelled 6-hp. model cleans a 3-ft. swath, will clear 6 acres in 8 hr. Price is \$450 from Atwater-Strong Co., Atwater, Ohio.

Polyethylene jars, weighing as little as one-tenth as much as some glass jars have now been designed for packaging drugs and cosmetics. They are blow-molded in a wide variety of colors by Plax Corp., West Hartford, Conn. The jars are flexible, will not crack if the contents freeze.

A toilet seat, padded with foam rubber and covered with Duran has just been introduced by National Sanitary Product Corp., 632 Bergen Blvd., Ridgefield, N. J.

Metal cutting jobs can be speeded up with a simple shearing tool introduced by McCoy Products Co., Inc., Salt Lake City, Utah. It's light (9 lb.) and portable, can be used in a bench vise or on its own special tripod. The manufacturer claims it cuts 14-gauge stainless steel and mild steel up to 1/4 in. Price is \$15.

Plug-in thermostats with time controls are being offered by Conneco-Stat Corp., 565 Holt St., West Hempstead, N. Y. Prices range from \$29.90 to \$42.50. Air-conditioning units or portable electric heaters can be plugged into the relay unit, which will maintain an even temperature by starting or stopping the appliance.

Stainfil is a wood filler with stain and wash coat built in, to speed up the job of finishing furniture. It dries in less than 90 min. and doesn't bleed or fade. Manufacturer is Pyrolac Corp., 55 Schoon Ave., Hawthorne, N. J.

Tee-N-Gee are narrow (16-in.) tongue-and-groove panels 8-ft. long, for fast and easy wall paneling over studs, furring, or old plaster walls. The panels, manufactured by Forest Fiber Products Co., Forest Grove, Ore., are made of refined wood fibers that have been treated and compressed to form a smooth hard surface. Similar material has been available only in large sheets.

Lobsters are said to taste best if killed just before eating. Live-Pak Corp., Boston, has developed a way of canning them so that they are still alive when the can is opened. Price: \$11.75 for eight lobsters.

Do Your Employees Read The Wrong Literature?

Employee relations executives agree much of the literature employees read distorts their thinking about business. And literature distributed by the payroll enclosure method is often labeled "propaganda."

A Solution to the Problem—To meet the problem, N. R. B. is establishing Information Rack Centers in plants and commercial establishments across the country. Through this method employees select literature on a voluntary basis. Positive thinking is developed.

The free booklet, *How to Strengthen Employee Relations With Information Rack Centers*, explains how you may profit from this successful program. Send for it today.

THE NATIONAL RESEARCH BUREAU, INC.
417 N. Dearborn Street Chicago 10, Illinois



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Complete air conditioning and high speed, automatic equipment give us the edge—BETTER quality, FASTER delivery and ATTRACTIVE price on practically any paper label job. Let us demonstrate. Write for quotation today. KALAMAZOO LABEL CO., 301 W. Hanson, Kalamazoo, Mich.



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OPPORTUNITIES

- business; personal or personnel; financial; equipment; etc., may be offered or located through the classified advertising section of BUSINESS WEEK

.....clues

LABOR

Shaping the Labor News: AFL, Lewis, UE

- AFL revises its tactics on Taft-Hartley.
- Lewis shuts coal mines for "Memorial Period"

designed to slim stockpiles and remind industry of UMW's strike license.

- UE challenges IUE before the Labor Board in a new round of the fight between left- and right-wing unions at Westinghouse.

Three announcements overshadowed all other developments on the labor front this week. Each made a one-day newspaper story, but each was sure to germinate into something much bigger. Behind them were: (1) the executive council of the American Federation of Labor; (2) John L. Lewis, president of the United Mine Workers; and (3) the left-wing, independent United Electrical Workers Union.

I. AFL Wants T-H Changed

Of them all, the AFL's action is most surprising and, in the long run, will be the most significant. Without advance warning, the Federation switched its line on the Taft-Hartley Act and decided, for the first time, to press for amendments to the law.

The Federation's distaste for this statute is not abated. It still makes repeal a cardinal principle of labor faith and will seek to press this doctrine on Stevenson and Eisenhower (page 30). But up to now the AFL has refused even to discuss amending the law. It held to the theory that the worse the law was, the easier it would be to get rid of it. If the law was "improved" for labor, it might be harder to keep union opposition mobilized.

• **Anomalous Position**—But some of the affiliated unions in the Federation abandoned that purist tactic long ago. The seafarers, for example, attached so much importance to getting their West Coast hiring halls legalized that their leaders consulted with Sen. Taft—and got his support—on an amendment to do that very thing. This put the AFL in the anomalous position of opposing amendments which its affiliates believed vital to their functioning.

Another factor contributing toward the AFL shift is the fact—appreciated now by even the most fanatical opponents of Taft-Hartley—that the statute would not now have so many provisions

disagreeable to the unions if some responsible labor leadership had been willing to make suggestions at the time the law was being drafted.

The AFL is far from adopting the idea that T-H repeal is a quixotic objective. But it is fixing another string to its bow.

The CIO still holds to the pure "repeal" position, but it may not be inclined actively to oppose amendments at the next session of Congress. In any event, the AFL stand will probably mean enough shift in pressure to assure the passage of some changes when Congress reconvenes.

II. Lewis Wants Attention

The Taft-Hartley Act puts a ban on strikes being called while contracts are in force. This doesn't faze John L. Lewis for one minute. He wrote into his agreements a clause giving the United Mine Workers union authority to proclaim "memorial periods" in tribute to miners killed and injured.

Some eight months ago, 119 miners were killed in a mine disaster in West Frankfort, Ill. There was no work stoppage then, nor has there been one since. But now, in the words of the official Lewis circular, mailed to all local unions this week, UMW is "exercising its option" and will close the mines from August 23 to Sept. 1.

• **Straight Lewisism**—This admixture of sheer tragedy and power tactics is straight Lewisism. The number of injuries and deaths which occur in U.S. mines is staggering. But with all the power at his command, Lewis has done little more about mine safety than talk. The timing of his action now leads to the cynical conclusion that he is just using the memorial period as a pretext for: (1) slimming down the coal supply above ground by about 7-million tons; and (2) reminding the coal industry and the government that by non-enjoinable work stoppages he can make coal scarce.

The point of doing this now is that UMW and the coal operators are in negotiations—more or less—on new contract terms. Lewis served his 60-day contract notice that he wants changes in the agreement and he will have negotiations at their deadline midway during this fall's election campaign. Talks between Lewis and the operators have thus far been perfunctory. But calling of the memorial period is counted on to make them more serious.

III. U. E. Wants an Election

Central battleground of the fight between pro-Communist and anti-Communist unionism for support of U.S. labor has been the electrical manufacturing industry ever since the war.

In other industries where rivalry exists, one or the other union group is strong enough to dominate and thus maintain some measure of stability. In electrical manufacturing, however, the left-oriented UE and the anti-left CIO affiliate, IUE, approach an equality of strength sufficient to keep both organizations in the ring and engaged in constant toe-to-toe slugging.

• **Elections**—No machinery devised by the labor movement can reconcile a problem of this sort, because the only authority both groups will recognize is the government. Thus, National Labor Relations Board elections can provide the only arbitration.

Starting some two years ago, NLRB conducted a great number of elections in electrical manufacturing plants. Some were won by UE, some by IUE. In each case, the union which polled the highest vote was certified as collective bargaining agent.

• **Challenge**—These certifications are not valid indefinitely. Under the law they can be challenged after a reasonable period—usually one or two years—or when contracts expire. This week the big Westinghouse plant at East Pittsburgh is involved in such a challenge. UE has called for an election to try to replace IUE, which had been certified as bargaining agent in 1950.

No one doubts but that this opens a new round of challenges and counter-challenges which will bedevil the industry for the rest of the year. And unless the law is changed, or unless—as is unlikely—one or the other of the unions gives up the fight, this is the kind of thing electrical manufacturing will be facing at regular biennial intervals for a long time in the future.

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Business Triples Outlay, Finds the Payoff Is High

The average company with some kind of industrial health and safety program is now spending at least three times as much on its employees as it did in 1940. Some of the increase can be chalked up to inflation, but a good share of it is definitely buying better health. And whether the value of these benefits is figured in terms of economics—which can be measured—or as pure humanitarianism—which can't be—the outlay appears justified.

That is what Brookings Institution concluded from a study of industrial health service just published as part of a three-year survey, *Health Resources in the United States*.

• **Good Business**—Health programs in industry have turned out to be smart business. As Brookings puts it, "The health and safety of industrial workers is of paramount importance in maintaining the industrial plant."

The proof of this view comes from checking basic labor statistics. Injuries and occupational diseases are down sharply in the plants where industry is taking care of its own. Compensation premiums cost less. Production losses from illness have been reduced, and labor turnover has dropped.

These programs have obviously made for stability and economy. But they have also resulted in much immeasurable benefit—improved employer-employee relations and better feeling between the plant and the community.

• **The Bill**—Here is what these achievements have cost: Back in 1940, the

National Assn. of Manufacturers estimated the annual per-capita costs of industrial health services at \$8.81. Last year NAM conducted another survey, this time as part of the Brookings study. A total of 1,576 companies, employing almost 1.5-million, answered questions on the costs of health, medical, and safety programs. They came to \$25.90 per employee. Brookings figures this understated the cost substantially, because of varying reporting methods.

• **What They Bought**—All told, NAM received replies to at least some of its queries from 3,589 member companies, with 3.3-million workers including factory, office, and executive groups—representing more than 22% of workers employed in manufacturing industries in 1950. And every company that had a health and medical program said it used one or more of the following practices (pictures):

• Employment of physicians on a full-time, part-time, or call basis, or some combination of the three.

• Use of graduate nurses.

• Employment of trained first-aid attendants.

• Dispensary.

• Physical examinations.

• Visual, hearing, or dental care.

• Out-of-plant medical services, primarily group-health insurance plans purchased for the most part from insurance companies.

• **Pre-Hiring Screening**—Physical examinations are of major importance in industrial health programs, the report

... in These Percentages ...



DISPENSARIES in more than half the plants—52%.



EXAMS periodically in 23%, before hiring in 53%.



EYE CARE in 16% of all industrial plants under survey.



DENTAL CARE in 4% of all the plants covered.

says. The pre-employment examination, which the report terms "the key-stone of preventive measures," is the most widely used. Of the 3,589 reporting companies, 1,893 (52.7%), employing 2.9-million workers, said they gave pre-employment checkups. These included practically all the companies with over 1,000 employees, over 75% of those with between 500 and 1,000, and 40% of the companies with under 500 employees. "This method of screening the applicant for the job has undoubtedly saved many lives and prevented thousands of accidents," the report stated.

• **Handicapped Gain**—The survey also points to the progress made in absorbing handicapped workers into the labor force. Brookings says that pre-employment physicals have helped to determine whether a handicapped applicant is really capable of doing a specific job.

While some of this broader acceptance of handicapped workers can be

attributed to the tight labor market that has existed during much of the period since Pearl Harbor, there's little doubt that management is relaxing its resistance to employing the physically handicapped.

• **Trend to Health Services**—Two of the more significant developments in industrial health services are health education programs and the broadening of the health services provided by the plant to include visual, dental and hearing care, and visits to employees' homes by members of the medical and safety staffs. Adoption of these two measures has spread considerably in recent years, the report stated.

Of the 3,589 companies which responded to the NAM questionnaire, 1,462 (40.7%) employing 2.5-million workers (75.4% of total employment) reported a health education program. More than 80% of the companies with over 2,500 employees had such programs.

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George Taylor for the new CIO "family plan" take part in . . .

Drawing Boundary Lines Without Strikes

When the CIO was born, one of the chief advantages of its industrial unionism, its supporters claimed, would be to end jurisdictional disputes. The thinking went something like this: If a single union organizes an entire plant, disputes over what union will perform which job can't develop.

Proponents of this argument had in mind the type of dispute that has arisen for decades among craft unions, particularly those in the building trades. A classic example was the one created by the introduction of metal window frames in construction. AFL's carpenters traditionally installed wooden window frames. Then the sheet metal workers laid claim to the new ones made of sheet metal.

Clearly, that type of problem wouldn't develop in a plant where one union had all the jobs. Nobody, with plenty to organize in the 1930s, raised the question of which union would organize the plant in the first place. That has become a practical question now and it has created most of the jurisdictional troubles within the CIO, while craft disputes still form the bulk of AFL's bailiwick problems.

• **Machinery**—AFL started the machinery for settlement of its building trades disputes four years ago when it established the National Joint Board composed of contractor organizations and members of its building trades department, with John Dunlop as chairman. CIO approved its plan for settling disputes "within the family" at the November convention and early this year picked nationally known labor expert

George W. Taylor (BW—Feb. 23 '52, p40) as top arbiter of organizational disputes.

• **Success**—Last week in Washington, the CIO system settled at least one major dispute between member unions. The International Union of Electrical, Radio & Machine Workers was given jurisdiction over Avco Mfg. Corp.'s new Crosley division plant near Cincinnati. The United Auto Workers had claimed the plant but have now bowed out in favor of IUE. Moreover, UAW will give IUE a hand in signing members.

Meanwhile R. J. Thomas, CIO international official and head of United Department Store Workers, and Irving Simon, president of Retail, Wholesale, & Department Store Workers (now stripped of department store jurisdiction), took time out from CIO's Executive Board meeting to decide RW&DSW would organize Direct Buying Service, Inc., of New York.

In Cleveland, officials of CIO's Gas, Coke & Chemical Workers and IUE conferred on which union would appear on the ballot for a new National Labor Relations Board election sought at National Carbon Co. IUE withdrew, leaving GC&CW with a clear field. The Oil Workers International Union, which also asked to appear on the ballot, had notified CIO earlier that it was pulling out.

I. The Price of Disunity

Responsible labor leaders have long recognized that public airings of internal conflicts give unions a bad name

with their members, the public, and Congress. Many feel that their chances for repeal of the Taft-Hartley Act have been hurt more by jurisdictional strikes than anything else. Bureau of Labor Statistics figures show jurisdictional stoppages have increased since the law was passed, but BLS records now cover "quickie" strikes that previously went unreported.

Family feuds also weaken the organizing power of any union which must appear on the same ballot against another member-union of the same federation. The National Carbon case was precisely that type of situation, and out of it came the proposal by the Gas, Coke, & Chemical Workers which led to the adoption by CIO of its new system for handling internal disputes.

When the CIO expelled the United Electrical Workers in 1949, three other affiliates—GC&CW, IUE, and OWIU—moved in and attempted to take over IUE's bargaining rights at National Carbon. Last year, when none could agree on who had jurisdiction, all three got on the NLRB ballot. None got a majority, but GC&CW led the field. In the runoff, it alone appeared on the ballot but lost to "no union" by four votes, 641 to 637. That's why it has asked for a new vote.

• **Inter-Group**—As for disputes between AFL and CIO unions, the only formal agreement in force is the UAW-IAM no-raiding pact. Aside from that, there have been only off-the-record deals such as the one in Detroit a few years ago where AFL's teamsters agreed to stay out of the way of CIO attempts to or-



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II. The Plan Has Teeth

CIO's "family plan" contains an enforcement provision that may give it more teeth than any other past attempt at eliminating jurisdictional disputes. Each of its 34 unions had to sign a formal legal contract with CIO, agreeing to abide by the system. These contracts are enforceable in the courts.

Allan S. Haywood, CIO's executive vice-president and director of organization, is in charge of the plan's operation. Since it is aimed primarily at preventing more than one CIO union from appearing on an NLRB ballot and splitting the CIO vote, the plan operates almost exclusively in cases where plants are just being organized.

- **Procedure**—The wheels begin to turn when Haywood's office is notified either by one of the involved unions or by NLRB itself that two or more CIO unions have petitioned for bargaining rights in the same plant. From that point the dispute can go through a series of three steps.

First, the international officers of the unions are instructed to appoint local representatives to try to straighten out the problem at the bottom level. If they fail, then top union officials come to Haywood's office in Washington to attempt to settle it. If they can't agree, the dispute goes to George Taylor for a final, binding decision.

When CIO unions only are involved in the dispute, NLRB allows Haywood two weeks to reach a settlement. But if CIO groups are competing against an AFL union too, then NLRB grants only a one-week period.

- **Foundations**—Taylor makes every effort to base his decisions on logic and on law. "Law" inside the labor movement means union charters, constitutions, and traditional practices. AFL has the reputation for settling internal jurisdictional questions on a pure power basis—that is, the union which has the strongest support within the Executive Council gets the award of jurisdiction. The CIO, at least through Taylor, is trying to find a more defensible criterion for settling jurisdictional questions. It isn't easy.

The story is told that when Taylor started to work on his first case, he asked the CIO to send him all the files on how the two unions involved got their charters, plus whatever correspondence and documents there were delineating their original jurisdiction. In response to his request he received a thin folder containing very little useful information. When he expressed surprise at receiving so little material, he was told that when John L. Lewis left the

presidency of the CIO in 1940, Lewis had a truck back up to the CIO office and carry off all the files. They are today presumably reposing in the basement storeroom of the United Mine Workers' building.

III. So Far, It Has Worked

The plan is still a young one, barely six months old, but thus far it has disposed of 26 disputes without a strike. Only seven have had to go before Taylor, 10 others were worked out by the unions involved. In the other cases, all but one union simply withdrew, leaving only one CIO affiliate on the ballot. Even at this early stage the plan has been expanded and extended several times to cover situations that no one had anticipated when it was conceived.

In four of the seven cases that have come to Taylor, the parties simply followed standard procedure until it led to his office. At Arrow Mfg. Co., Union, N. J., he gave the nod to the novelty workers union over the Retail, Wholesale, & Department Store Workers. Jurisdiction over employees of Westinghouse Electric's Columbus, Ohio, plant went to IUE instead of UAW. And at Dayton, where the auto workers and the steelworkers were both trying to organize Hawker Mfg. Co. and Eureka Tool & Die Co., Taylor ruled that UAW should go on the ballot rather than CIO president Philip Murray's own union.

- **Rebellion**—In another dispute between UAW and USW at Wallace & Tiernan Co., Belleville, N. J., both sides waived local talks and conciliation through Haywood's office and asked to go directly to Philadelphia to place the case before Taylor. When he awarded the decision to the steelworkers, the UAW local president refused to comply and refiled a petition with NLRB asking that UAW be put on the ballot.

Haywood's office moved fast to stop this flagrant violation of the pact. Top UAW officials were told to see that Taylor's decision was enforced. Walter Reuther, UAW president, in turn notified the NLRB that under the union's constitution no local officer had the power to file in the name of UAW. Haywood feels that this kind of policing of locals by their internationals is essential to the plan's success.

Taylor was called on early to test the flexibility of the program. CIO's auto workers had begun an organizing drive at Rockwell Register Corp., Bellefontaine, Ohio, a subsidiary of Rockwell Mfg. Co. But IUE, which has a contract with Rockwell at Dayton, also wanted to bargain for Rockwell. The situation was further complicated by the entrance of AFL's United Automobile Workers on the scene. Splitting

of votes between two CIO affiliates might give the plant to the AFL group.

IV. "CIO" Goes on Ballot

Taylor decided that since IUE represented the parent company, it should also be the bargaining agent for the Rockwell plant. But IUE, on a technicality, couldn't get on the ballot. To solve this dilemma, Taylor proposed that only the name "CIO" go on the ballot without any specific union designation, provided NLRB O.K.'d the scheme. If not, then UAW-CIO was to appear on the ballot. In either case the agreement provided that CIO would eventually swing the plant to IUE. NLRB permitted "CIO" to run alone, and it won. A local industrial union was set up at Rockwell, and CIO later expects to hand it over to IUE, if the workers agree to the move.

Taylor's idea of using only the "CIO" name without an affiliated union is also being used as a stop-gap measure so that an election may be held before a final decision on jurisdiction is worked out either by the unions themselves or by Taylor. At Electro Metallurgical Co., Marietta, Ohio, the Gas, Coke, & Chemical Workers and the Steelworkers agreed to this method. So did the Furniture Workers and the Paper Workers at Indiana Desk Co., Jasper, Ind.

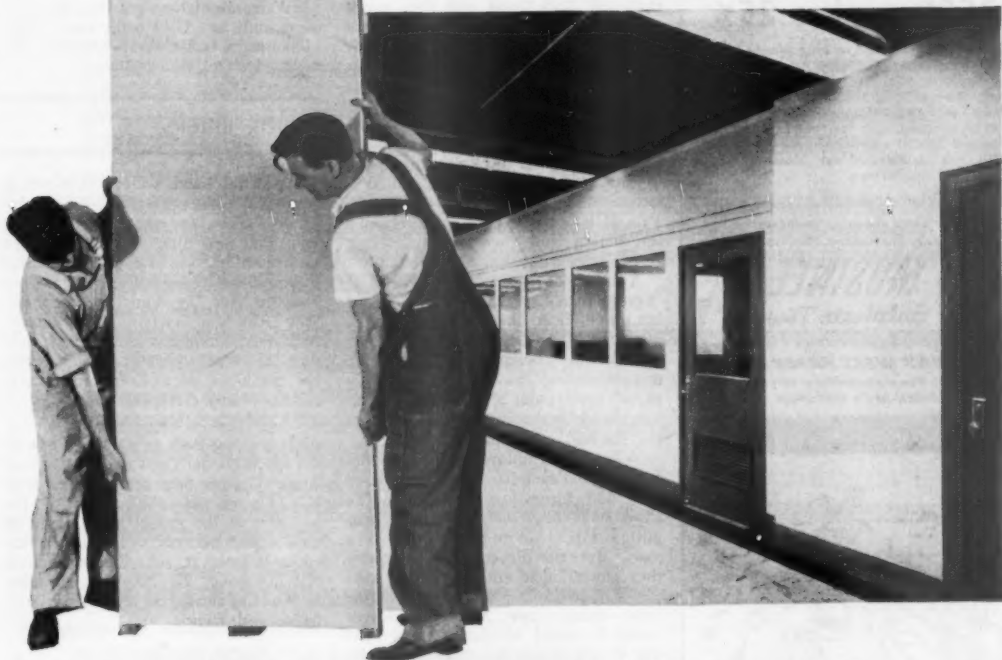
In both cases "CIO" won, and contracts are being negotiated. When jurisdictions are determined, the plants will be turned over to the proper union.

- **Legal Point**—There is still some question over whether the CIO can legally transfer recognition from "CIO" to a specific CIO union. In the Rockwell Register case, NLRB certified "CIO" but said nothing about a future transfer. Haywood insists that the CIO is free to transfer a contract to any of its affiliates. The only reason, he says, that consent of workers will be sought is because the CIO wants to consult their wishes.

The Avco settlement was a typical case of agreement by international leaders without resorting to Taylor's offices. The plant will produce electrical equipment. Since UAW has jurisdiction over auto electrical apparatus, it claimed the plant. So did IUE. Both sides met in Haywood's office and submitted evidence of their case. IUE backed up its demands with Avco statements, newspaper help-wanted ads for the kind of workers in IUE's bailiwick, and proof that Avco was recruiting personnel from plants under contract to IUE. Top officials agreed that the plant was clearly going to make the kind of products usually under IUE jurisdiction, and the electrical workers got the nod.

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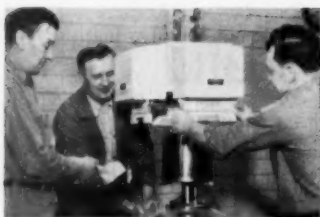


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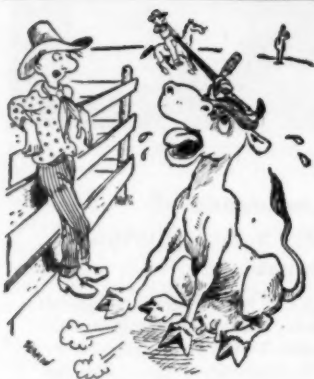
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tion, however, to protect UAW. If at some later date the plant turns to producing electrical equipment for autos, IUE and UAW will reconsider the jurisdictional question.

• **Earlier Ruling**—In the department store union's dispute with Direct Buying Service, Inc., a previous agreement between UDSW and RW&DSW was invoked to settle the issue without bringing it to Taylor. Under this agreement, UDSW gets only the stores that sell both hard and soft goods and do a \$1-million or more annual volume. Direct Buying handles only soft goods, and R. J. Thomas doubts whether it meets the minimum sales limit, so it went to RW&DSW.

Occasionally, a union may simply withdraw from the running in a dispute, as IUE and the Oil Workers did in the National Carbon case. At Willard Storage Battery Co., Allentown, Pa., IUE and UAW both claimed jurisdiction. But when IUE pulled out, UAW won bargaining rights handily.

A fundamental principle of the CIO "family plan" is that where a member union already has bargaining rights, other CIO unions must respect its jurisdiction. Therefore, Taylor and the dispute-settling machinery ordinarily would never enter a case where a union already had a contract. Even that rule has had an exception.

When the employees of Minnesota & Ontario Paper Co. decided to leave their AFL union five years ago, CIO's Paper Workers, young and weak, permitted CIO's Woodworkers to take over. But the Paper Workers claim they got a "tacit understanding" with the Woodworkers which stated that at some future date M&O employees would be asked whether they wanted the Woodworkers to continue or the Paper Workers to take over.

When the Woodworkers' contract came up for renegotiation recently, the Paper Workers reasserted their claim. The case went before Taylor who decided that the Paper Workers should take over contract negotiations on the basis of its claimed agreement with the Woodworkers.

Since the case was not strictly within his jurisdiction, he recommended that the unions work with the CIO to determine finally who should represent the workers. Nobody was certain what this meant. The two unions are attempting to decide for themselves. If they didn't, the CIO Executive Board is expected to issue a clarification on the decision.

V. Better Feeling

By and large Haywood is sold on the "family plan." Aside from its success in halting stoppages, it has sharply reduced bad feeling resulting from the

interunion vituperation that invariably goes with jurisdictional rows. He still faces a few problems, though. One is the time element. Delay has hurt the CIO in at least one case recently. At National Tool Co. in Cleveland, IUE and the Steelworkers petitioned for bargaining rights. So did the leftwing ex-CIO United Electrical Workers. CIO's vote was split, and IUE was squeezed out, leaving a runoff between the steel union and UE. Had IUE and USW representatives got together right away, only one CIO name might have gone on the ballot with a possible CIO victory the first time out.

LABOR BRIEFS

A slip of the hand, accidental or not, is grounds for discharge if it implies disloyalty. That was the decision of an arbitrator who upheld the firing of a linotypist on the Long Island Star Journal for substituting the word "fascism" for "freedom" in the phrase "the American system of freedom." AFL's typographical union had held that the story wasn't proofread; hence the employee, an ex-Communist Party member, wasn't responsible.

AFL is going back to its active role in the International Confederation of Free Trade Unions after conferences with ICFTU officials. AFL, one of the founders of the group, had refused to send representatives to recent conferences because it was dissatisfied with ICFTU policy on questions of labor leaders and unions in Yugoslavia, Australia, and Cyprus.

The textile tug-of-war that has split CIO's Textile Workers Union, (BW—May 24 '52, p. 166) continues, but both sides are already totting up the score. George Baldanzi's group, now in AFL, claims it has brought 50,000 workers with it; Emil Rieve's group, still in CIO, thinks the figure is closer to 15,000.

A pay hike of only \$4 an hour was approved by WSB this week for employees of Republic Aviation after the company and its unions had agreed on 15¢ earlier. Republic, AFL's machinists, and four other unions in the plant are appealing the board's decision.

Wage cuts—some as hefty as 6%—have spread through the hosiery mills of North Carolina. Elsewhere in the area, management is assigning one skilled and one unskilled worker to a pair of machines that used to be manned by two skilled operators—instead of cutting pay.

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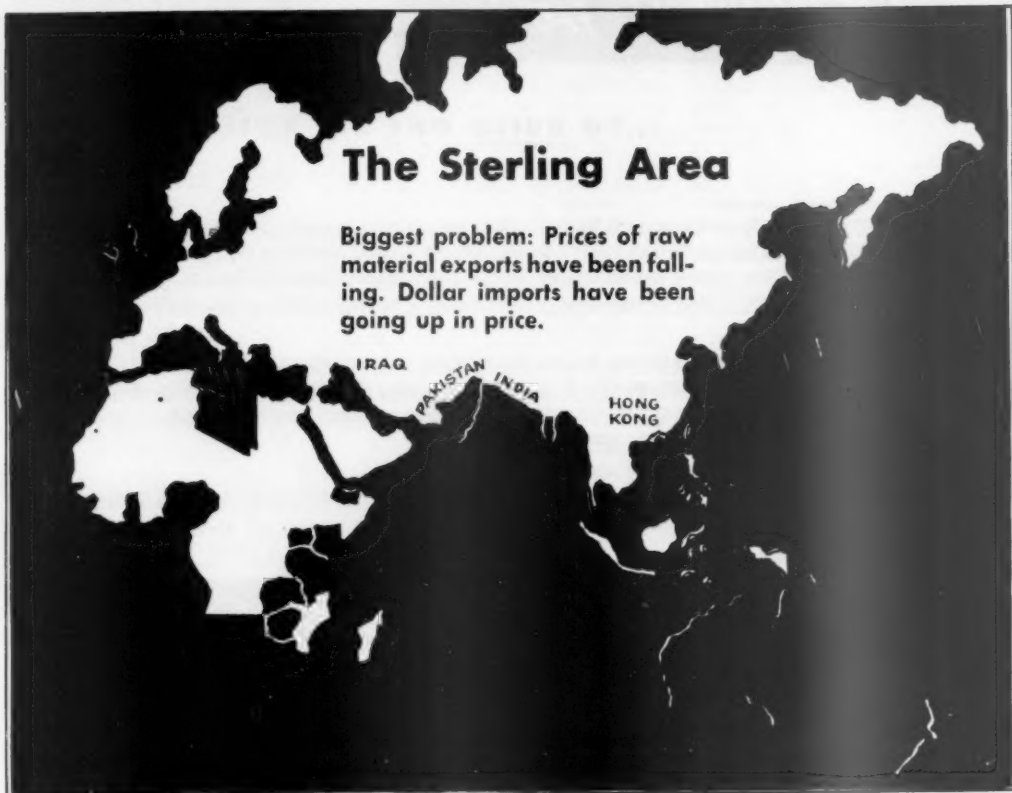
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B-602

BUSINESS ABROAD



The Sterling Area

Biggest problem: Prices of raw material exports have been falling. Dollar imports have been going up in price.

Prescription for Survival: U.S. Aid

The sterling area—a complicated monetary and trading system that embraces about a quarter of the world's population and a quarter of its trade—is in trouble. Prices of its raw material exports have been plunging, prices of its dollar imports climbing. Its gold reserves have dwindled to \$1.7-million—a bare 43% of what they were in the middle of last year.

In an attempt to save the system, Commonwealth prime ministers will get together in London—the area's headquarters—late in November. Whether the sterling area survives, though, will depend less on the decisions made in London than on what the new U.S. Administration does next year.

• **Agenda**—Even if reserves rise somewhat by the time the prime ministers meet, and even if the sterling area manages to balance its accounts with the rest of the world, drastic steps will be needed. For one thing, the principal

members of the area will have to get together more closely on policy—perhaps by setting up a new joint management board to handle policy questions that up to now London has handled alone. For another, some of the overseas sterling countries will have to put more muscle behind their deflationary programs.

But if the London meeting is to come up with any real solution for the sterling area, it will have to look into fundamental questions like these:

- Where will the capital come from to carry on the postwar development of member countries like India, Australia, and South Africa? Now that U.S. aid to Britain is limited to defense support, London can't support development in these countries any more.

- What can be done to stabilize the prices of sterling area raw materials such as rubber, tin, jute, and wool? Right now these prices are dropping,

while the main raw materials the sterling area buys from North America such as cotton, wheat, and corn are going up.

- How soon can the pound sterling be made convertible into dollars, at least for current trading transactions? Unless convertibility comes reasonably soon, membership in the sterling area may look like a bad bet to many of the overseas members.

These are key problems. But the ministers who meet in London won't be able to do much more than talk about them. On each question, the answer will depend on whether the U.S. is willing to come to the aid of the sterling area. And that will depend on the thinking of the new U.S. administration.

I. The System

There's no simple definition of the sterling area. For one thing, its mem-

bership has changed somewhat since the war. Today it consists of all the British Commonwealth countries except Canada, plus Burma, Iceland, Eire, Iraq, Jordan and Libya. The population of this group of countries is about 600-million. Last year total exports of the group reached almost \$20-billion, as against total world exports of \$76-billion.

Special trade and monetary links bind the group of countries together. This system gives traders selling within the Commonwealth an advantage over traders selling to the Commonwealth from outside countries such as the U. S.

But the most important link between the sterling area members is a monetary one. Each has its currency tied to the British pound sterling in that it is freely interchangeable with sterling and is backed by reserves that are kept in London. Britain acts as banker for the whole area.

• **Money System**—Thus, members keep the bulk of their external currency reserves and their working trade balances, known as "sterling balances," in London. They draw on these sterling balances to make payments in sterling or other currencies, including dollars. For their dollar needs they can call on the central "Dollar Pool" which is held in London on behalf of the sterling area as a whole.

The sterling area has this advantage for all its members: There is complete freedom of payments for all current transactions, and usually for capital movements as well. Moreover, there are many countries outside the sterling area where sterling is an acceptable currency. It's estimated that about 35% of the world's merchandise trade is paid for in sterling and that about one half of the world's total international payments are covered in sterling.

• **British Gains**—From Britain's angle, there are two obvious advantages to the sterling area system:

• It keeps open a vast area of relatively free trade.

• The system gives Britain a chance to make big "invisible" earnings from services like banking, insurance, and shipping.

In the rest of the world it has usually been assumed that Britain also gains a lot by being able to use the dollar earnings of the overseas sterling countries to cover its dollar deficit. But that's true only in the case of the colonial members of the group, such as Malaya and the West African colonies. Between 1946 and 1951 the independent members, such as India, Australia, and South Africa, drew on the dollar pool to the tune of \$1.5-billion.

• **World Effect**—There's evidence now to show that the sterling area system, with the help of U. S. financial aid to Britain, has also made a real contribu-

tion to the postwar recovery of world trade and to the economic development of the Commonwealth. This evidence appears in a weighty tome just published by the U. S. Aid Mission in London: "The Sterling Area—An American Analysis," by Dr. John Cassels.

This study shows that the sterling area is not merely a trading clique held together by imperial preferences and exchange control, but a long-established group of mutually beneficial economies. Though the British market is still the most important for almost all the overseas members, the proportion of their exports going to Britain has been dropping since the war.

Nearly 50% of Britain's exports were going to the area before the recent import cuts. However, the overseas sterling countries don't take all their imports from Britain by any means. India and Pakistan take under 30%, Australia about 50%, South Africa 40%, Malaya 30%, British West Africa 55%. These figures show that there's no tight ring around the area.

II. The Problems

There are two still more important conclusions to be drawn from the Cassels' study: (1) without a large flow of capital from Britain, the postwar economic development of the Commonwealth would have been impossible; and (2) the level of commodity prices is the key factor in the sterling area's financial stability.

• **Capital Investment**—Cassels' evidence shows how much of the economic progress made since the war was based on large-scale British financing backed by U. S. aid to Britain. Since the end of the war Britain has exported about £1-billion more to the overseas sterling countries than it has bought from them. It has financed this by putting £900-million worth of capital in the area. As the British see it, this contribution of capital saved a vital area of the world from economic and perhaps political collapse. The capital opened up new employment opportunities, allowed for expansion of a good share of the world's trade.

But Britain can't continue its capital exports now that U. S. aid is limited to defense financing. And without a continuous stream of capital investments, development programs of the overseas sterling countries will bog down. For example, India is counting heavily on outside financial help to expand both its agricultural and its industrial output. If it doesn't get the help, it can never lick the twin problems of poverty and social unrest.

The U. S. is now the only possible source of capital. The real question, which will be decided in Washington rather than London, is whether the in-

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clues

vestment is better made via London—as it has been since the war—or direct from the U.S. If it's to be the latter, the sterling area is sure to break up and the U.S. will be involved in a permanent commitment to take care of much of the area's capital needs.

• **Prices**—Although the Cassels' study stops at mid-1950, before the big boom-and-slump in sterling area commodities, it shows clearly how important the level of commodity prices is to the sterling area. As seen from this angle, the postwar prices of dollar commodities have been kept up by U.S. government support while the prices of sterling commodities have been kept down by various causes, including the development of synthetic rubber, economies in the use of tin, and the U.S. policy of holding gold at \$35 an ounce while other commodity prices have risen. Cassels makes this calculation: If rubber and gold have increased as much in price as other commodities, the sterling area's actual exports to the U.S. from 1946 to 1950 would have netted an extra \$3.5-billion.

• **Dollar and Sterling**—This year again the dollar-sterling price relationship is a key factor in the financial position of the sterling area. If sterling prices continue to drop while dollar prices rise, the group's dollar earnings will fall off.

Here's what has happened to some of the principal sterling and dollar commodities this summer: In the six weeks from June 25 to Aug. 4, tin, rubber, jute, sisal, and cocoa all dropped in price. Wool was the only important sterling area commodity that rose. On the other hand, wheat, corn, and cotton, on which most of the sterling area's dollars are spent, all rose in price.

That's why Britain and most other members of the sterling area harp on international price stabilization plans. But, as with the problem of capital investment, the answer can come only from Washington.

• **Convertibility**—The same is true when it comes to plans for making sterling convertible into dollars. The overseas countries want convertibility so they can have greater freedom in buying dollar goods. The British realize that convertibility is essential if the sterling system is to be held together.

But two things are needed before convertibility can be adopted. First, Britain's trade and the trade of the whole sterling area must be brought into balance. Otherwise, convertibility would simply drain away London's puny gold and dollar reserves. Second, there would have to be some kind of dollar stabilization fund back of sterling. But that, too, is something that can be decided only on this side of the Atlantic by the new U.S. Administration.

Mexican Idyll

For once, a new president will take office with scarcely a ripple. Aleman's policies will continue.

Come December and the Mexican Presidency passes from Miguel Aleman to Adolfo Ruiz Cortines, who was elected in July. Unlike many other transfers of power in Mexico, this one will be carried out with hardly a political or economic ripple.

The President-elect has already pledged himself to carry on Aleman's policy of financial stability and increased industrialization. He can also be counted on to continue, maybe expand, Mexico's big public works program. This means new roads, hydroelectric expansion, railroad modernization.

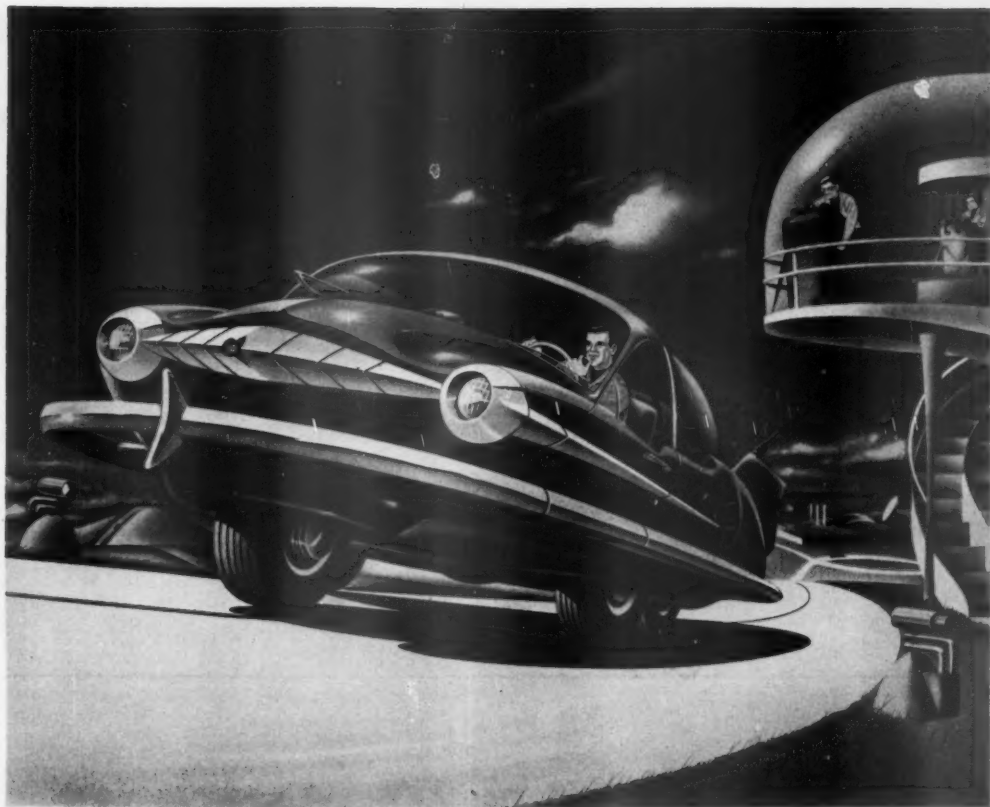
• **Peso Firm**—On the foreign economic front, Cortines is expected to maintain the present exchange rate of 8.65 pesos to \$1. The peso has been pegged at that rate since June, 1949, despite pressure from private interests who stood to gain heavily from revaluation. This has made Mexico one of the few countries able to maintain complete freedom of exchange with the U.S. dollar. The result has been a boom in business in general and in international trade especially.

Not that the foreign trade picture is completely rosy. Mexico has been buying so much abroad, especially from the U.S., that it has been running a heavy deficit. Last year this amounted to \$275-million.

• **Export**—Aleman's lame-duck government has started to take measures to correct this. On July 19 the Mexican Treasury reduced the export tax on a long list of goods. This move has pepped up exports so much that the unfavorable balance has already been greatly reduced.

The lifting of the export tax on cotton cloth should be especially helpful to Mexico—giving it in the long run a chance to regain the Caribbean-Central American market for staple white cloth. Other goods which will get a boost under the new policy include: citrus fruit, fresh and frozen fish, wines, and all of Mexico's new line of manufactured goods such as tools, motors, machines, generators, heaters.

• **Bad Weather**—A poor cotton crop this year, though, will reduce Mexico's export potential. Exports of raw cotton netted over \$150-million last year. This year, bad weather and insects have taken a heavy toll of the crop. It will probably drop below 1-million bales, as against more than 1.3-million bales in 1951.



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Japanese Stage a Comeback in

Japan is getting back into the world shipping business in a big way. Last week the Ministry of Transportation announced a four-year program to add 300,000 tons a year to Japan's merchant fleet. That would give Japan a 4-million-ton fleet by 1956.

The new program is a continuation of an expansion that has been going on for several years. During the first quarter of this year Japan has already risen to fifth rank in gross tons launched, to second place in the number of ships launched.

• **Foreign Account**—Japanese yards have been turning out vessels—including tankers—for other nations. For now the Japanese regard this as secondary to building up their own fleet—of which perhaps 70% may be obsolete. So even when the yards have brought Japan's

own fleet up to capacity, they'll be busy replacing old ships. But builders are already looking to the day when they can expand their export business.

• **Specialty**—Much of Japan's shipbuilding has been and will be devoted to passenger-freighter combinations in the 10,000-ton class because ships of that size are easily transferred among routes. This type of shipping was one of Japan's specialties before the war, but only one such ship, the *Hakawa Maru*, survived in 1945. Standard freighters will also be built in substantial numbers—29 in the next year.

• **More Service**—Japan's shipping service has also built up rapidly. Her main ocean shipping service has already reached its prewar level. Only three routes have yet to be reopened—those to Australia and Indonesia, and the

east-bound round-the-world run. Japan hopes in the near future to be hauling all its petroleum imports, at least half of all products from abroad in its own ships.

The Japanese will keep on pushing both shipbuilding and shipping. The Bank of Japan recently refused to lend 14 shipping firms the money to buy second-hand ships abroad. It declared that shipping companies should expand through domestic construction.

• **Ratedrop**—But Japan's growing cargo handling business is not yet profitable. The shipping companies have received most of their new vessels during the last 18 months. The deliveries came just when shipping rates hit a peak. But by the time the fleet reached its present level of about 3-million tons, ocean charter rates began to tumble.



... to build a 4-million-ton fleet by 1956

in Shipping

The drop has been so great that rates are now 50% lower than last year. One reason: International traffic in coal skidded.

Then, too, general shipping is way off. Some U. S. firms find that only the need for military supplies in Korea keeps their vessels sailing in the Pacific. They believe that peace in Asia would provide a level of trade far greater than ever before, but that's far in the future.

• **Trade Off**—Moreover, Japan's world trade is still far below prewar. Its imports last year amounted to only 49% of the 1934-36 average volume; exports came to 36%, even including special U. S. purchases for Korea. However, there's still plenty of room to expand Japanese shipping, since much of the trade the Japanese have been having has

not been carried under their own flag.

• **Competition**—U. S. shippers in the Pacific fear that much of Japan's expansion may come at their expense. They fear Japan's lower labor costs—wages run one-third to one-tenth of foreign scales. Even though the ships are over-staffed—about twice the crew on equivalent U. S. vessels—the labor cost saving is still significant.

Japanese shipping firms also get backing at home. Businessmen there do everything possible to get their goods on ships flying the Rising Sun. This is partly due to patriotism, partly because they are continuously urged by the government to do so. Also, with difficulties in balancing of international payments facing them, the Japanese can be expected to do their utmost not to spend hard-to-get dollars.

• **Low Cost**—All this means that it's often good business to ship on a Japanese line. For example, a U. S. line recently quoted a price of \$2.2-million

to ship 22 locomotives to Chile with one transshipment. A Japanese line quoted \$330,000 for direct shipment.

• **Rebates**—Such low rates lead some U. S. shipping men to believe that Japanese lines have reverted to their prewar practice of rebating—quoting a price and then returning part of the money received to the customer in order to disguise true rates. Such suspicions are apparently without foundation now. The high cost of new ships (\$200 per ton), and high operating expenses put rebating out of the question. Rebating may come back in the future. After the fleet has been rebuilt, some government subsidies will stop. Then operators might try anything to assure full cargoes. But the outlook now is for fair practices and above-board rates.

However, even with no rebating, U. S. shippers must expect to be undercut by Japanese firms, to lose more of their already diminished business on the Pacific routes.



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BUSINESS ABROAD BRIEFS

International Harvester's plan to double production at its plant in England worries British tractor manufacturers. They have been able to expand several times over since the war because customers in the sterling area have lacked dollars to buy in the U. S.

Portugal and the U. S. will conduct an extensive aerial and ground search for new mineral deposits in the Portuguese colonies of Angola and Mozambique. Cost of the project is \$2-million; Mutual Security Agency will contribute \$1.3-million, Portugal the rest.

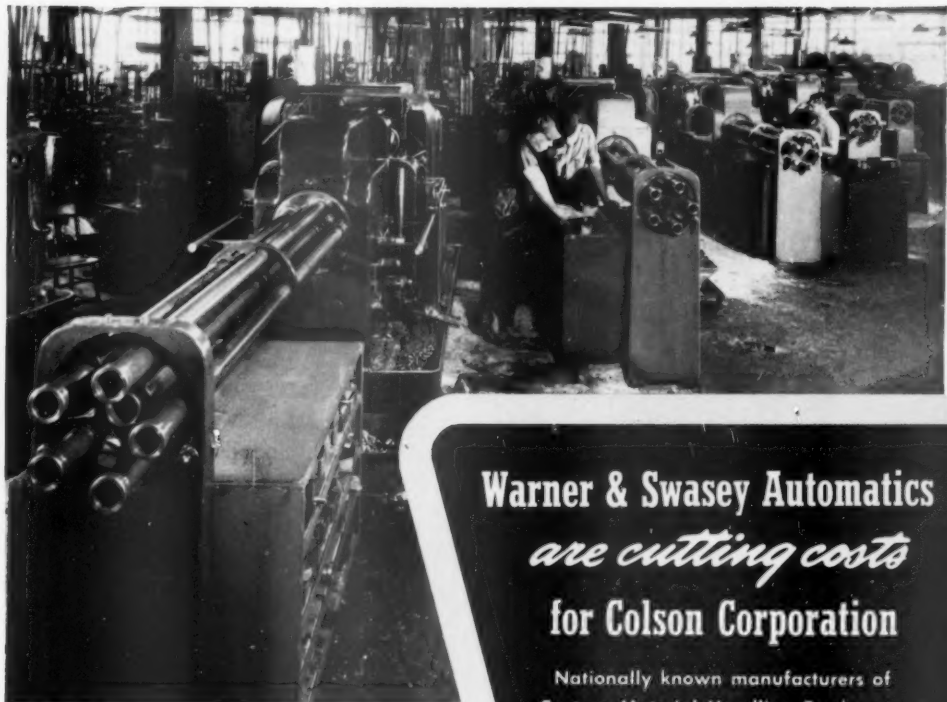
British newspapers will soon be bigger. Next week newspaper rationing will be eased so that all papers can add two pages to their daily average. This means that the more expensive ones, such as the London Times and the Manchester Guardian, may now average twelve pages. Cheaper ones will be allowed eight to ten pages.

Japan became the fifty-second member of the International Monetary Fund and the World Bank last week. The new member's quota in the Fund is \$250-million. This brings the Fund's total quota to a little over \$8.4-billion.

Spanish industry has expanded considerably since the end of the Civil War in 1939—reports the Franco government. It claims nearly 64,000 new plants, big and little, have been set up. The food industry with some 14,500 plants leads the way, closely followed by the chemical and drug industries.

Foreign investments in Mexico rose by \$13-million last year. U. S. investors put in 94% of the total, Britain 4%. The figure would have been higher had not Mexico bought out several foreign companies at a cost of \$17-million. Two U. S. firms were among those purchased: Southern Pacific Railway of Mexico (\$12-million), Mexican Gulf Oil Co. (\$2.5-million).

The Pictures—Cover by Bob Iscar. Black Star—127 (bot.), 138, 139; Convair—154, 155; Ford News Bureau—126 (lt.); Martin Harris—66, 67; Int. News—30 (lt.), 31, 116, 126 (rt.); Bob Iscar—46, 47; Ed Nano—76; Standard Oil Co. (N. J.)—127 (top); Thompson Photography—52; U. S. Steel—29; Washington University News Bureau—147 (lt.); C. F. Weber—58 (top); Wide World—30 (rt.), 128 (rt.); Dick Wolters—28.



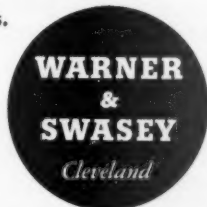
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INTERNATIONAL OUTLOOK

BUSINESS WEEK

AUGUST 23, 1952

A
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SERVICE

Russia's Communist party will hold a congress Oct. 5, the first full party session since 1939.

The Congress is to approve a basic change in party organization—replacement of the Politburo by a praesidium. Also up for approval will be a new Five-Year Plan.

This news from Moscow has every other world capital engaged in frantic speculation: Will the congress affect the issue of war and peace? Will Stalin use this get-together to fix the line of succession or to secure his own position for a while longer?

The news from Moscow is too fragmentary yet to justify any hard-and-fast conclusions. But it's safe to assume at least this much:

- The Oct. 5 gathering will be a world congress of Communists. It may even be billed as a victory congress. All Communist regimes and all parties in the non-Communist world will have delegates there. China especially can be expected to play a big role.

- Stalin's speech, as at the 1939 congress, will lay down the basic Communist line on foreign policy. It'll be the best evidence you can get on whether the boss is planning for an early war or for a prolonged build-up.

- There's sure to be a clue to Moscow's plans for Germany, whether the Kremlin intends to push unification or to draw the Iron Curtain still tighter through the center of Germany.

- If there's to be an early truce in Korea, it will probably come before or during the Communist congress. Stalin could justify a truce on the ground that Red China has really won the Korean war; it is now strong enough, he could say, to prevent any "imperialist" attack on the Chinese mainland.

On the organizational front, the shift from Politburo to praesidium could have real significance. It may be Stalin's way of preventing a deadly fight for his succession. In a praesidium, which presumably will be larger than the Politburo, he can introduce new elements of strength, thus neutralize some of the leaders in the present struggle for power.

On the economic front, the big news will be the Five-Year Plan, covering the years 1951 through 1955. Talk of boosting industrial output by 70% under the plan sounds grandiose. But that increase may be based on incorporation of the Soviet satellites' industrial production.

"Routine" is the word the State Department uses to describe the current high-level Chinese-Russian talks in Moscow.

That may be true of the decisions implementing the 1950 Sino-Soviet alliance. By terms of that deal, the Russians will hand over official control of the Changchun railway and Port Arthur. Just as certainly, Moscow will continue to exercise effective control over both.

Other decisions made in these talks may not be so routine.

On the one hand, the Chinese will demand more military equipment plus a big loan to supplement the one they got from Russia in 1950.

On the other, the Russians will want a pay-off, perhaps in tighter Soviet control of Sinkiang, a border province.

Also the Russians and Chinese may decide to make another effort to shift the Korean truce talks from Panmunjom to the U. N. in New York.

INTERNATIONAL OUTLOOK (Continued)

BUSINESS WEEK

AUGUST 23, 1952

Things are still touch and go in Iran and Egypt. Both Premier Mossadegh and Gen. Naguib have come out for land reform. But it's a real question whether either can deliver. Each faces two tough obstacles:

(1) Political opposition from the landowning class, which has been running both countries until now.

(2) Lack of any real government authority in the countryside. In the Middle East, local authority is wielded mostly by the landlords, who pay the local police.

Now that land reform is in the air, though, you can be sure that the poverty-stricken peasants won't be satisfied till they get it. So Egypt and Iran will be on the verge of civil strife until their present leaders, or new ones, come through for the peasants.

•
Meanwhile Washington is pushing London to reopen oil talks with Teheran. Apparently the British are about set to do so.

There will be no quick agreement, of course. Even the State Dept. regards Mossadegh's present demands as too high. But there might be some advantage just in getting the talks started again.

Britain's dispute with Egypt isn't so pressing. Naguib has told London that he would like to postpone talks on the Suez and the Sudan until he has straightened out some of his domestic problems.

•
The Pinay government is facing its toughest test.

Pinay's problem is to check the threat of renewed inflation. During July the price index in France started up again.

If Pinay can't stop this trend, he won't stand much chance with the National Assembly when it reconvenes in October. His political strength has been built almost entirely on his success with an anti-inflation policy.

•
Pinay will meet the inflation threat head on. He plans to:

(1) Attack the price-fixing agreements that keep prices up in many French industries. The government has power to do this under a new law which was passed just before the Assembly adjourned in July.

(2) Import emergency supplies of meat, vegetables and dairy products. This should reverse the upward trend in food prices, which has been due mainly to speculation. The speculators have been buying heavily on the basis of unofficial reports of food losses from drought and hoof-and-mouth disease.

•
The International Chamber of Commerce is trying to drum up interest in a "free world" economic conference to be held in 1953 at a non-government level.

The ICC wants representatives of democratic business, labor, farm, and professional groups to meet in Vienna next May.

Purpose of the conference: to formulate solutions for the economic problems of the anti-Communist world. High on the agenda would be questions like Western Europe's continuing dollar shortage and the stabilization of raw material prices.

The ICC thinks that such a conference would (1) offset Communist propaganda moves such as the trade conference held in Moscow last April; and (2) put pressure behind democratic governments to get together in an international economic conference that could make binding decisions.



R/M Hose Makes It Safer to Drill for Oil

While an oil well is being drilled, mud is pumped through the drill pipe to the cutting bit via the rotary hose. This floats out the cuttings and plasters the hole wall. But it's hazardous work, for the pressure increases as the drill goes down, and blow-outs are a very real danger. That is one reason why Raybestos-Manhattan Rotary Hose has met with such a welcome in the oil fields. Its strength, tested to 5,000 lbs., and its special built-in coupling with Lip-Lok seal have provided greater safety—with fewer shut-downs due to failures.

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matched sets of heavy-duty V-belts . . . brake blocks . . . are other Raybestos-Manhattan products that oil men like for their safety and cost-cutting reliability.

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Canadian Raybestos Company Ltd., Peterborough, Ont.



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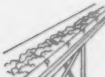
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3. TOBACCO MANUFACTURES	4,082
4. TEXTILE PRODUCTS	13,764
5. APPAREL	—
6. LUMBER PRODUCTS	—
7. FURNITURE AND FIXTURES	186
8. PAPER AND PRODUCTS	—
9. PRINTING AND PUBLISHING	77,190
10. CHEMICALS	42,501
11. PRODUCTS OF PETROLEUM AND COAL	11,346
12. RUBBER PRODUCTS	—
13. LEATHER AND PRODUCTS	6,045
14. STONE CLAY AND GLASS	558
15. IRON AND STEEL	—
16. NONFERROUS METALS	—
17. PLUMBING AND HEATING SUPPLIES	—
18. FABRICATED STRUCTURAL METAL PRODUCTS	—
19. OTHER FABRICATED METAL PRODUCTS	7,719
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21. METALWORKING MACHINERY	—
22. OTHER MACHINERY (EXCEPT ELECTRIC)	—
23. MOTORS AND GENERATORS	—
24. RADIOS	—
25. OTHER ELECTRICAL MACHINERY	—
26. MOTOR VEHICLES	10,323
27. OTHER TRANSPORTATION EQUIPMENT	900
28. PROFESSIONAL AND SCIENTIFIC EQUIPMENT	—
29. MISCELLANEOUS MANUFACTURING	372
30. TRANSPORTATION AND PUBLIC UTILITIES	104,997
31. TRADE AND SERVICES	406,131
32. OTHER	18,507
33. INVENTORY CHANGE	INVENTORY CHANGE
34. GOVERNMENT	75,609
35. DEPRECIATION	2,242,422
36. GROSS PRIVATE CAPITAL FORMATION	2,242,422
37. HOUSEHOLDS	—
38. BALANCE OF TRADE	—
39. TOTAL OUTLAYS	3,258,282

Input-Output Goes



BANKER Frederick L. Deming heads one of the nation's most advanced research programs. He is vice-president of the 8th District Federal Reserve Bank, St. Louis. Deming came to the bank in 1941 as assistant manager of the 31-man research department, worked his way up to a vice-presidency by May, 1951, with a 35-man department of fact-finders and professional economists. His interest as a banker in long-range economic studies of the St. Louis district threw him in with . . .

Input-Output Goes



BANKER Frederick L. Deming heads one of the nation's most advanced research programs. He is vice-president of the 8th District Federal Reserve Bank, St. Louis. Deming came to the bank in 1941 as assistant manager of the 34-man research department, worked his way up to a vice-presidency by May, 1951, with a 35-man department of fact-finders and professional economists. His interest as a banker in long-range economic studies of the St. Louis district threw him in with . . .

WS

IN THOUSANDS OF DOLLARS

[illegible]

to Work in St. Louis Bank Study

(Story continues on page 148)



ECONOMIST Werner Hochwald, chairman of the Washington U. economics department. Hochwald became consultant to the bank on a fee basis in his special field of income analysis. As the study went on . . .



ASSOCIATE Guy Freutel, Washington U. instructor, joined Hochwald. As a former student of Wassily Leontief, he brought Leontief's input-output approach.



Motor Freight hauls its share of the TAX LOAD

The commercial motor transport industry in 1950, while representing only 17% of the total motor vehicle registrations in the United States, contributed 32.6% of all the street and highway use tax income.

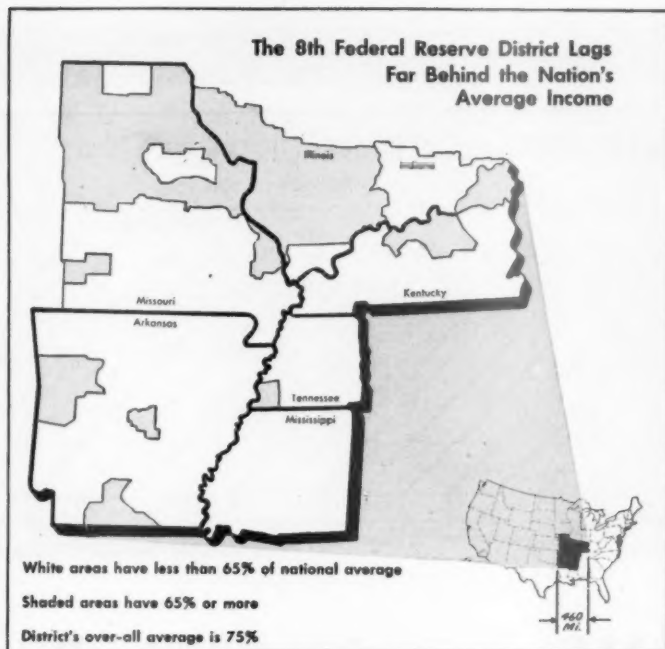
In 1951, P-I-E for example, paid all the taxes every business pays, including income tax, property taxes, social security, unemployment, franchise, sales and excise taxes—PLUS \$1,050,000 highway use taxes.

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"...ranks as one of the poorest chunks of the United States . . ."

ST. LOUIS starts on p. 146

The 8th Federal Reserve District (map) ranks as one of the poorest chunks of the United States. Its per capita income lags 25% behind the national average; its population growth is below par.

Officers of the Federal Reserve Bank in St. Louis are aware of their district's underdevelopment. And, more than most district banks find necessary, they're putting great effort into helping raise the income of the region.

The luck of the draw has given the 8th District the state of Arkansas, ranked 47th in per capita income; the poorest half of Mississippi, ranked 48th; the poorest sections of Illinois, Indiana, and Tennessee; as well as most of more prosperous Missouri and the western two-thirds of Kentucky.

• **Collecting Facts**—Before the Federal Reserve Bank can steer industrial development into the most helpful channels, it must collect and study information on its region. Collecting data alone is a big job: Regional statistics aren't nearly so comprehensive as national statistics. That's one reason the St. Louis bank has expanded its research department from three fulltime

workers and one halftime worker in 1941 to 35 workers today.

The bank is reaching, too, for every tool of fact-gathering and of studying how the district's income flows. The latest step in this direction is use of the input-output technique (BW-Dec. 15'51,p94). From an input-output grid (pages 146 and 147), the bank's economists can trace the impact of national trends on the 8th District.

"It also points a finger at the weak spots in the district," says Frederick L. Deming, vice-president in charge of research. "It raises flags."

• **A Divining Rod**—Deming, a 39-year-old Ph.D. in economics, focuses the varied economic studies of his department on one goal: to provide "a combination measuring stick and divining rod" for the 8th District.

"Input-output," he says, "is an analytical tool that gives you information on the district, arranged in such a way that the relationships have some meaning. From that point on, you're on your own as to what to do."

• **Wartime Growth**—All 12 Federal Reserve district banks collect a lot of data. Their statistics usually are published regularly but without much interpretation. World War II brought a demand for more economic information as a basis for credit control policies. That's when research departments at all 12 district banks expanded fastest.

Beyond the national need for eco-



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• Artie came in with the package, and wanted \$1.92 postage for parcel post. And was Mamie mad!

• "No you don't! And leave me without enough stamps to send out the afternoon mail? Take your package to the postoffice."

• Artie said he was too busy. Mamie said ditto. They used to fight it out... until we got the DM.

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"... missionary work with a hard, practical core ..."

ST. LOUIS starts on p. 146

omic research, however, the St. Louis bank under its wartime president Chester C. Davis, now associate director of the Ford Foundation, saw the need for extra effort in its own region. It didn't take much fact-gathering to see that the 8th District was, and is, badly unbalanced economically.

• **Farm Dependence**—About 22% of total district income is earned directly from agriculture, plus much more in indirect earnings from that source. (National average of income is 10% from agriculture.) Manufacturing production of the district is 4.9% of the national total; population is about 7% of the nation.

True, the district's industry is diversified. And the district produces more than it consumes of leather and shoes, lumber, furniture, tobacco, motors and generators, food products, chemicals, nonferrous metals, stone, clay, and glass. It consumes more than it produces of textiles, iron and steel, most manufactured goods.

But labor productivity is low in relation to population. That's because the district's industrialization is so limited, and the district is so dependent on agriculture—often on one crop, as in the cotton areas.

In trying to encourage industrial growth, the region's economists aren't thinking of cutting down on agriculture. Quite the contrary. They are seeking ways to restore the soil's fertility in areas where land has been mismanaged for generations, and to free the farmers from sole reliance on one cash crop.

• **Field Work**—The St. Louis bank's research staff gets out in the field more than most people in that field. Economists quit their ivory tower often to carry information and recommendations to the people who can do something about helping the district lift its standards. They meet with banker associations, university faculties, chambers of commerce and other promoters, and farm groups.

When the bank, for example, saw a chance for greater utilization of the district's forest resources, it got together with other groups to sponsor a series of local meetings on better forest management. This helped spread the word on the cash returns that are possible from good forestry practice—and may have attracted new wood-using industries.

"These are sort of revival meetings," says Deming. "Nobody gets up and beats his breast, but it is missionary work with a hard, practical core. We

try to pin it down to a cost-return basis which appeals to bankers."

• **Spreading the Word**—The research department has published a series of articles on ways of raising agricultural income in the district. It suggests how to conserve soil resources, how to apply bank credit most effectively. One pamphlet by the department is "A Farm Loan Development Program for Country Banks." Several private banks in the district have hired agricultural specialists for their farm loan departments since the St. Louis bank began its educational promotion program.

• **Consultants**—The broader attention to regional income flow, in mass and in detail, dates from 1948. At that time, Deming engaged Werner Hochwald (picture, page 147) to direct a long-range income study of the district. Hochwald, a Ph.D. in economics and acting chairman of the economics department at Washington University, St. Louis, is a specialist in income analysis.

A year and a half ago, Guy Freutel, a Washington University economics instructor, joined Hochwald in the income studies. He and Hochwald worked up income data for 100 areas in the district, published each October for the preceding calendar year. Freutel had done graduate work under Wassily Leontief of Harvard, developer of the input-output technique (BW—Dec. 15 '51, p. 94).

After that, it was not a long step to adopting the input-output approach, which is described by Freutel in the bank's Monthly Review for June. The input-output grid in that issue is based, like the national grid, on 1947 statistics. It is billed only as "a first approximation of a major input-output study of the district," not as an infallible means of forecasting. As it stands, though, it tells a lot.

• **Import-Export Balance**—When the income studies began, for example, the St. Louis bank didn't know for sure what the district imported and exported (using these terms to apply to the district, not to the U. S.).

Deming and his staff knew, of course, that the district produced more shoes than it consumed. But they didn't know exactly how much of an export industry it was—the grid now tells them. The assembled data also tell them where scores of other regional industries stand. The regional input-output table also shows how much each industry in the district buys from suppliers, both in and out of the district, and how much each sells.

"Part of the thing you want to know," Deming points out, "is not just that something does this or that, but how much it does. This gives you a more precise measurement. You can use the input-output information as a guide to the kind of industrial expan-



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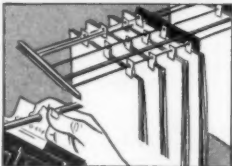
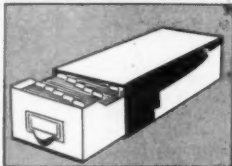
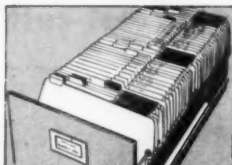
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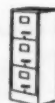
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"... businessmen like to see dollar signs put on plans for the district's development..."

ST. LOUIS starts on p. 146

sion the people in the district should promote. It lets someone like the Arkansas Economic Council go after something with a rifle instead of a shotgun.

• **Prospects**—Between the input-output study and the bank's other income studies, promoters can tell a prospective new industry if it will have to export some of its product beyond the district's boundaries, and just about how much. That way, they can come closer to bringing in industry that can be assured of markets near the point of manufacture.

And city boards of trade won't waste so much time chasing after industries that will later back away when their own surveys show a scant market for them within the region.

The bank economists don't deplore industries that depend on imports from outside the district. But they tell bankers and promoters: "You may want to see if you can't bring in more of the industries from which our district's industries are importing."

• **Special Uses**—Hochwald and the St. Louis bank may soon do a study that especially interests banks and businessmen in western Kentucky: an attempt to determine which kinds of chemical plants would fit best into the Paducah-Calvert City region. With a new atomic energy plant, and with its chemical industry already expanding rapidly, it's the district's prize boom area.

Similarly, the input-output data can be applied to the prospects of expanding, for example, the agricultural implement industry within the 8th District. Input-output could determine what an increase in farm machinery capacity would mean to materials suppliers within the district, to the district's labor supply. It could determine what sort of market within the district the manufacturer could expect for his additional output of machines.

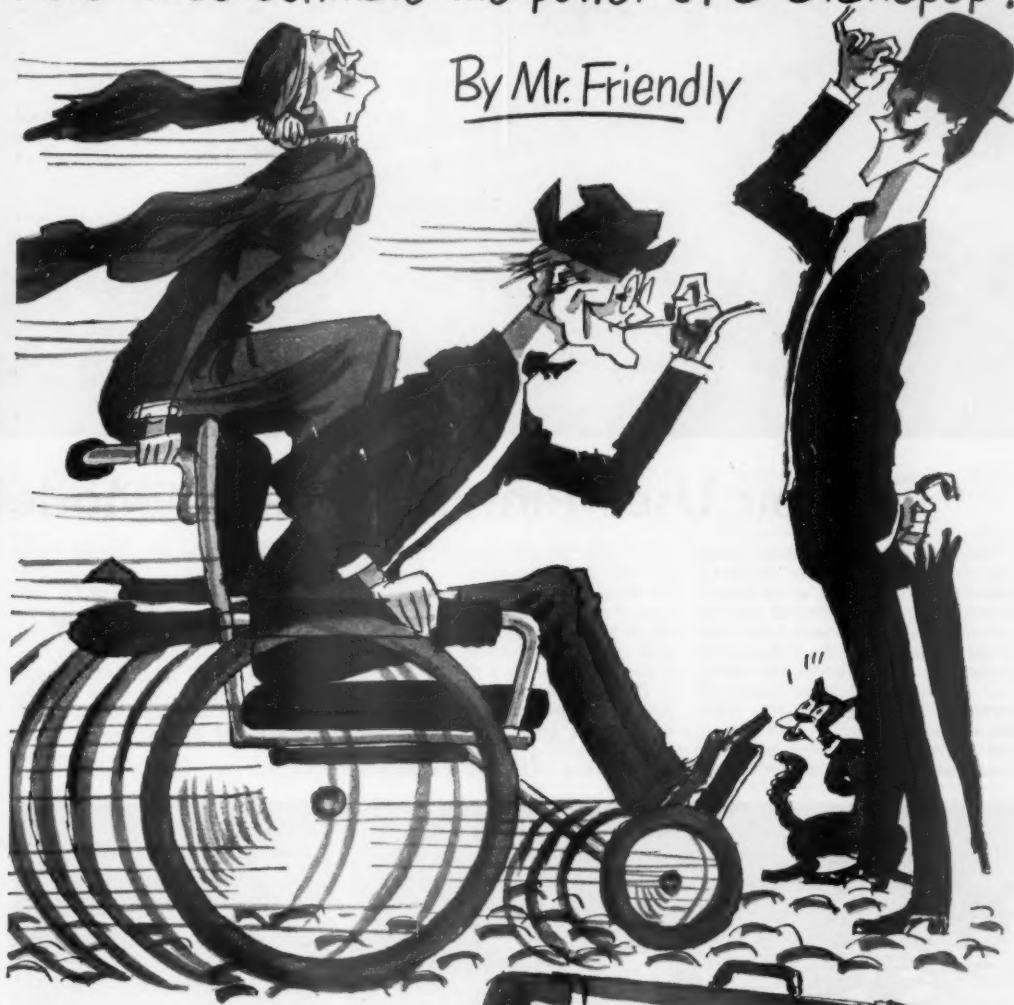
• **Widely Read**—The article by Freutel in the June Monthly Review got a response from businessmen that was considered surprising for such an economically sophisticated subject. Wide readership of the article can be traced to two things:

• The input-output technique is relatively new and glamorous, and this is one of its first practical uses.

• Businessmen like to see dollar signs put on the elements of plans for the district's development.

Never underestimate the power of a Grandpop!

By Mr. Friendly



Some folks love to feel sorry for
White-haired people of sixty or more.
They weep reverent tears... they sigh and they sob,
But get them to give an old person a job!
To handicapped men they're sweet as can be,
But who can eat well on pure sympathy?
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Can make an old man of twenty seem slow.
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Better work than the man who pities him most!
Here's a fact or two to prove it's true!

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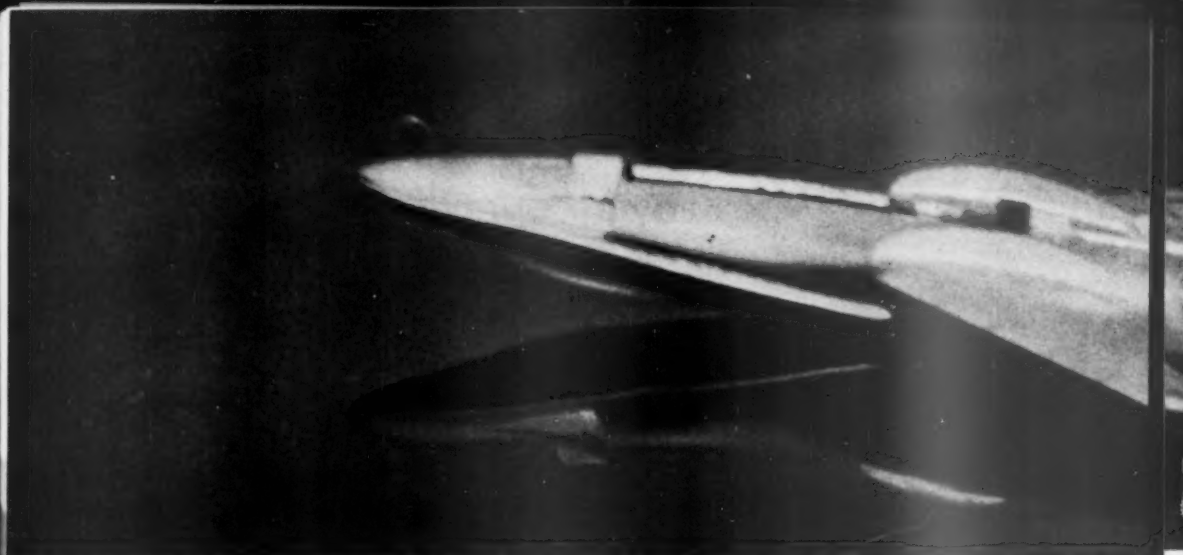
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Convair Uses Pint-Sized Scale Models

The seaplane above, which looks like a child's toy, is an operating model of the flying boat of the future. It may solve the problem of how to make a front-line supersonic fighter out of the seaplane. The Navy Bureau of Aeronautics, which knows the flying boat is more mobile than land-based bombers (BW—Aug. 16 '52, p34), likes the research results so much that it has ordered full-size prototypes from Consolidated Vultee Aircraft Corp.

A 12-year research program at Convair is largely responsible for dragging the flying boat—or seaplane—out of its years of obscurity as a patrol ship. Convair felt that the seaplane had fallen from grace largely because, design-wise, it was still in the Dark Ages.

• **Working Models**—When the company set out to remedy that, it tackled the problem from a new angle. Instead of building full-size planes and experimenting with these, it developed

small-scale, dynamically similar flying models—thus reducing the research time by years, and the cost of the program by millions of dollars.

So far, the company has developed subsonic and transonic seaplane designs, and is well along with a supersonic jet-powered, water-based aircraft. All have been developed in the model stage only, but they are accurate flying models.

Convair isn't the only aircraft com-



Twelve years of research turned out many models . . .



. . . all radio-controlled . . .

els to Bring Back Flying Boat

pany that sees a big future for flying boats. Glenn L. Martin Co. also has been working with the Navy on new designs.

• **Updating Design**—Though seaplane development lagged behind land planes, the strategic and tactical advantages of seaplanes have never diminished. The seaplane can operate from unprepared water bases all around the world, which cuts the supply problem tremendously. Convair aims to make an airplane that

will measure up to the exacting jet-age aerodynamic design, yet take full advantage of the undisputed advantage of water basing.

What nearly killed off seaplane development was lethargy in design. Until 1938, seaplanes held the world speed records. After that, seaplanes faded fast, mostly because designers never got away from the idea that they were putting wings on a boat. The early, relatively slow flying boat leaned heavily on

the technology and experience of the naval architect. As a result, hull designs changed comparatively slowly.

Meanwhile, land-based planes pulled away from the seaplane in speed brackets due to refinements in streamlining. Aeronautical engineers were producing airframe and engines of amazing performance and reliability but—even when coupled with the best hydrodynamic designs available—the end result was slow, cumbersome aircraft.

• **Streamlining**—Convair's Hydrodynamic Research Laboratory has not only given the seaplane new life. It has also given it an entirely new look. To fly at jet plane speeds, a water-based craft has to be streamlined. In the old seaplanes, one of the chief problems was placement of propellers—to keep them high out of the water. With jet engines, there is no need to put the wings high up on the hull to give the propellers sufficient clearance. So Convair evolved a low silhouette with blended wing and hull design that resembles the paper airplanes little boys throw. To minimize spray interference, there are simple flat plates projecting from the hull which deflect and turn the water spray into a high-velocity stream directed down towards the water surface.

Convair started its break with tradition back in 1938. At that time the company had one goal: to take a good airplane and adapt it to water, rather than to make a boat fly. Convair engineers foresaw the day when airplanes with the same mission—light fighters and bombers—would have the same performance characteristics, regardless of whether they were land-based or water-based.

• **New Tool**—However, it took more than a new viewpoint to solve the prob-



... that performed exactly like full-size test planes.

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"... they take off, fly, and land just like regular sea-planes . . ."

CONVAIR starts on p. 154

lem. To complete its hydrodynamic research and to study hull designs, Convaire needed a research tool that would give the hydrodynamicist the same precise answers the aerodynamicist gets from his wind tunnel.

The engineers settled on a new research technique using dynamically similar models. The models are scaled-down from the dimensions and form of the full-size design, are operated by miniature engines and are radio-controlled.

The models are made of balsa, mahogany, and spruce woods, tissue paper, aluminum, and plastics. Construction is rugged, and the planes stand up well. Design weight and its mass distribution can be varied by moving ballast and operating equipment on rails within the hull, adjusting fore and aft positions until desired center of gravity and pitching moment of inertia are obtained.

The models take off, fly, and land on water just like regular seaplanes. With their precise radio control and miniature power plants, the research analyst can test accurately in flight many designs in a short space of time, at low cost. The dynamic models serve all the purposes of a full-scale test plane, and more besides, because the models can be put through many tests that would be dangerous with piloted aircraft.

• **Big-Scale Savings**—While the savings in cost are important—they run as high as 1,000-to-1 compared with full-size planes—the saving in time is the important factor. A model program, from design to final prototype, takes about three months, covers research equivalent to a three- to six-year full-scale prototype program. One of Convaire's projects went through nine different models in two years, at a cost of \$180,000. With full-size planes, it would have taken years longer, cost as much as \$180-million.

The accuracy of the dynamic model testing program was proved about two years ago in the development of the XP5Y-1. Convaire's four-engine seaplane transport—later designated the R3Y in the turboprop-powered cargo version. The model made more than 2,000 test runs and duplicated the flight test program scheduled for the real aircraft. The information and results from these tests tallied with the data derived from the actual plane when it was tested three years later.

• **Supersonic Next**—About the time Convaire started the XP5Y-1 program it



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was actually putting into operation its theory that you can take a fast land plane and adapt it to water. Convair had just completed one of the first jet-propelled bombers to be built in the U.S., the XB-46. It seemed logical to start with this design and attempt to "water base" it with the minimum of revision.

From this point in its research, Convair went into its Skate project—a program designed to lead to the development of a supersonic seaplane. To date, it has proceeded through 10 models, of which only seven have been shown to the public. By last October, development was so far along that Ernest G. Stout, head of the company's hydrodynamic research, told the Royal Aeronautical Society: "It is not too early to take serious note of this versatile new weapon and to give high-speed water-based aircraft serious consideration in strategic planning."

The short cuts available in Convair's research technique, and the new interest Stout has stirred in the seaplane, may put the company back into the big production picture for seaplanes. In its day, Convair built more than 3,000 seaplanes. That, says Convair, is more than the rest of the manufacturers of the world together.

Antibiotic Gets By With a Caution

The Food & Drug Administration has decided to permit the continued distribution of chloromycetin, but under revised labeling that will caution physicians against its indiscriminate use.

Some time ago, FDA disclosed that a few of the millions of persons who have benefited by the antibiotic had subsequently developed the deadly malady called aplastic anemia, in which the bone marrow loses its capacity to produce red and white blood cells. The administration, aided by the National Research Council, made a study of the case histories in which chloromycetin was suspected of causing the disease.

Last week the government experts announced the results of their research. After weighing the value of chloromycetin against its possible harmful results, the drug will continue to be available to the medical profession for use in serious diseases.

Chloromycetin is the only known specific cure for typhoid fever, and is usually effective in treating urinary tract infections, undulant fever, several types of pneumonia, and venereal diseases.

Parke, Davis & Co., sole producer of the antibiotic, has been working with FDA in its investigation of the drug's side effects.

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A Weird Housing Formula

You expect some strange and wonderful pieces of legislation to come out of the closing days of a session of Congress. But even at the close of a session in an election year, you don't ordinarily bargain for anything quite as weird as the formula that Congress has set up for lifting government controls on mortgage credit.

Under the amendment to the Defense Production Act, hustled through at the end of June, the President is instructed to have monthly estimates made of the annual rate of construction starts, after making reasonable allowance for seasonal variations. If for any three consecutive months the annual rate falls below 1.2-million starts, the President is to begin a "period of residential credit control relaxation."

Among real estate men, this amendment is widely interpreted as a devious but effective way of knocking mortgage controls in the head before election day. Congress, so the second-guessing goes, did not want to register an outright vote against controls. And so it cooked up a formula to get the same result without the political risk.

Housing starts in June were 106,000. Since this is the big building season, this figure presumably represents a seasonally adjusted annual rate of less than 1.2-million. July starts were about the same (BW—Aug. 16 '52, p29). Unless August throws everybody's calculations off by taking an unexpected jump, the "period of residential credit control relaxation" apparently can be announced to take effect Oct. 1.

The real estate men may well be right in their analysis of what Congress intended to do. Certainly the people who wrote the act knew it had a statistical joker in it—one that would shelve controls almost immediately. But there is a real danger that at least some congressmen thought they were setting up a workable and intelligent system for controlling mortgage credit. And in any case, the amendment doesn't stop with the provision for decontrol. It uses the same formula in reverse to reestablish control.

Now, as a formula for controlling and decontrolling an important part of the nation's credit structure, this is about like estimating the depth of a well from the length of the pump handle.

In the first place, the official estimates of housing starts are no rose, statistically speaking. They are adequate to show trends, but that's about all.

In the second place, any good statistician will just chuckle nervously if you ask him to figure the seasonal adjustment for a series on housing starts. The figures do go down in the winter and up in the summer. But the month-by-month comparisons are all over the lot.

In other words, any official determination of the seasonally adjusted annual rate of housing starts is going to be more or less arbitrary.

The choice of 1.2-million starts as the magic figure is

arbitrary in itself. Under some conditions—rapid mobilization and severe shortages of materials—you might need credit control at a much lower level. At other times, 1.2-million starts might not be enough.

And in any case, credit control is something that should move fast. The Federal Reserve, which administers the controls on bank credit, has always been accused of waiting too long, of missing the turns and exaggerating the swings of the credit cycle instead of damping them. The housing amendment would make that sort of thing official policy—and make past Federal Reserve decisions look positively hasty by contrast.

Add it all up, and you can conclude that one of the first jobs of the new Congress next January should be to clear the mortgage credit formula off the books. Whether it should substitute a more practical system will depend on just how much threat of inflation there is early in 1953.

Steel in Britain

Britain's nationalized steel industry is about to issue its first year's report. Meanwhile the Conservatives have jumped the gun and published their plan to denationalize (BW—Aug. 2 '52, p116).

Nationalization came slow; and denationalization is also to be slow. It took repeated doses of government control to bring steel to the point of government takeover. Not for 20 years have British steel makers been free to manufacture and sell on their own terms.

It undoubtedly would take a major effort to unscramble the companies, break away their padding of subsidies, permit them to run their own affairs at their own risk. But it looks like the Conservatives are not up to it. Faced with Labor's threat to renationalize if and when they come back to power, Churchill's government has taken refuge in what a friendly critic calls "an astute Parliamentary exercise."

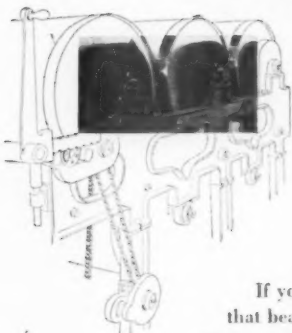
The new Iron and Steel Board will, if Parliament approves (the published plan won't be considered until early winter), oversee prices and set ceilings for the United Kingdom. It will supervise development of production, raw material supplies, research, plans for technical training, management-employee relations outside of wage disputes. It will issue new pieces of ownership paper to take the place of old ones. It will not free the companies from government control.

Maybe it couldn't, but if the Conservatives were to do so little they should not have promised so much. They promised to reorganize the industry "under free enterprise with an adequate measure of public supervision." Their plan sounds to us a long way under, and their enterprise far from free.

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